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OF

THE AUDITOR-GENERAL

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COMMITTEE	
CLERK AT THE TABLE	Abdirahman

**KAYOLE II SUB COUNTY LEVEL 4
HOSPITAL**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**COUNTY GOVERNMENT OF
NAIROBI CITY**

2004

12. Statement of committee of Management’s Responsibilities

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


The COMMITTEE of Management is responsible for the preparation and presentation of *Kayole II Hospital* financial statements, which give a true and fair view of the state of affairs of *Kayole II 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 *Kayole II 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 *Kayole II Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The COMMITTEE of Management accepts responsibility for *Kayole II Hospital*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The COMMITTEE members are of the opinion that the *Kayole II Hospital*'s financial statements give a true and fair view of the state of *Kayole II Hospital*'s transactions during the financial year ended June 30, 2025, and of *Kayole II Hospital*'s financial position as at that date. The COMMITTEE members further confirm the completeness of the accounting records maintained for *Kayole II Hospital*, which have been relied upon in the preparation of *Kayole II 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 and Nothing has come to the attention of the COMMITTEE of management to indicate that *Kayole II Hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

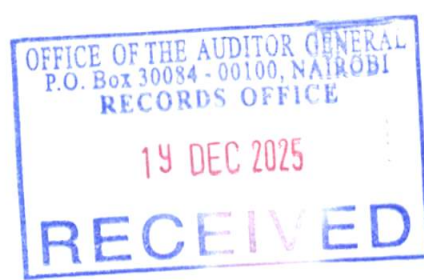
The Hospital's financial statements were approved by the COMMITTEE on _____ and signed on its behalf by:


.....
Name:
Chairperson
COMMITTEE of Management

.....
Name:
Accounting Officer



13. Report of the Auditor General for Kayole II Sub county Hospita



**KAYOLE II SUB-
COUNTY LEVEL IV HOSPITAL
(Nairobi City 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)

*Kayole II Level IV Hospital (Nairobi City County Government)
Annual Report and Financial Statements for the Year Ended 30th June 2025*

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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 Kayole II Hospital.
CAP	Capital Expenditure Funds used to acquire or upgrade physical assets like buildings and equipment.
FY	Financial Year
IFMIS	Integrated Financial Management Information System. The government's online platform for managing public finances.
KEMSA	Kenya Medical Supplies Authority. The primary supplier of drugs and medical equipment to public health facilities.
MOH	Ministry of Health Can refer to the National Ministry or the County Department of Health.
SHIF	Social Health Insurance Fund
OPD	Outpatient Department
OPEX	Operating Expenditure
PPDA	Public Procurement and Asset Disposal Act
RE	Recurrent Expenditure Another term for operating expenses.
UHC	Universal Health Coverage. A key government pillar that influences funding and reporting

2. Key Hospital Information and Management

(a) Background information

Kayole II Sub-county Hospital is a level IV hospital established under a gazette notice GK-008732 and is domiciled in Nairobi City County. The hospital is governed by the Health Facility Management Committee and the Hospital Management.

(b) Principal Activities

The principal mandate of the hospital is to provide specialized inpatient and outpatient healthcare services as a key referral centre within the Nairobi City County health system. It acts as the first level of specialized care for the population, bridging the gap between primary care facilities (Dispensaries-Level 2, Health Centres-Level 3) and national teaching and referral hospitals (Level 5 and 6).

MISSION: *To provide quality curative, preventive and promotive health care services to all residents of Nairobi.*

VISION: *A leader in provision of sustainable, acceptable, affordable and accessible health care to all residents of Nairobi.*

(c) Key Management

County department of health
Accounting Officer
Medical Superintendent
Management Committee

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	DR. RUTH KIATO
2.	Head of Finance	CPA IRENE ASSABE
3.	Head of Administration	MR. SOLOMON MUNGE
4.	Head of Nursing Services	MRS. BEATRICE OYUGI

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- County Assembly
- Parliamentary committees
- Other oversight committees

(f) Kayole II Hospital Headquarters

KAYOLE, Kayole Spine Road, P.O. Box 30108-00100, NAIROBI, KENYA

(g) Kayole II Hospital Contacts

Telephone: (+254) 412245770 E-mail: kayole2sdhembakasi@gmail.com

(h) Kayole II Hospital Bankers

Cooperative Bank of Kenya, P.O. Box 48231-00100,
NAIROBI, Kenya

(i) Independent Auditors

Auditor General-- Office of the 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 00100 NAIROBI, Kenya



(k) County Attorney

County Law Office
P.O. Box. 30075-00100,
NAIROBI, Kenya

3. The Health Facility Management Committee

Kayole II Sub-County Level IV Hospital has been functioning under the hospital management committee during the year under review. We are following up with the appointing authority for appointment of a hospital management committee of directors.

	Committee Members	Designation	Qualifications
1.	Collins Omollo 	Chairman	Master in Public Health, Kenyatta University. BSc. Nursing (BSc.N); College of Health Sciences, University of Nairobi
2.	Sarah Wavinya 	Member	Diploma in Hospitality Management, Certificate in Hair dressing.
3.	Fredrick Butala 	Member	LLB Law-University of Nairobi, Bachelor of philosophy and Diploma in Philosophy and Religious studies.
4.	Mercy Gatune 	Member	Diploma in Social Work. Former Chairperson of Nairobi Liquor Board
5.	Ruth Kiato 	Secretary	Medical superintendent of Kayole 2 - certified medical doctor

6.	<p>Florence Anasi</p> 	Member	Special group person
7.	<p>Joel Ochiwo</p> 	Member	Embakasi West Health Administrator officer

4. Key Management Team

Ref	Management	Details
1.	Ruth Kiato -- Medical Superintendent	Clinical & Quality Leadership, Administrative & Strategic Oversight, Liaison & Representation
2.	Irene Assabe -- Head of Finance	Strategic Financial Leadership, Financial Management & Reporting, Compliance & Controls
3.	Solomon Munge -- Head of Administration	Human Resource & Staff Management, Compliance & Reporting, Stakeholder Liaison & Public Relations, Strategic Planning & Support
4.	Fredrick Butala – Facility Manager	Leadership & Management, Operational Standards & Quality Assurance, Patient Safety & Advocacy, Collaboration & Liaison

5. Chairman's Statement

1. Introduction

On behalf of the Health Facility Management Committee, I present the Chairman's Statement to accompany the audited financial statements of Kayole II Sub-County Level 4 Hospital for the financial year ended 30 June 2025. This statement provides an overview of the hospital's operational and financial performance in the context of our mandate to provide quality healthcare services to the residents of Kayole and its environs.

2. Stewardship and Financial Reporting

The Committee has overall responsibility for the preparation of these financial statements, which have been prepared in accordance with the reporting template for Level 4 and 5 Hospitals issued by the Public Sector Accounting Standards Board (PSASB) and applicable International Public Sector Accounting Standards (IPSAS). The committee confirms that, to the best of its knowledge, the statements give a true and fair view of the state of affairs of the hospital as at 30 June 2025, and of its financial performance and cash flows for the year then ended.

3. Review of Operations and Performance

The year under review was characterized by both significant achievements and persistent challenges. Key operational highlights included:

- An increase in outpatient attendance by 51% and maternity admissions by 40%.

The hospital continues to face challenges including:

- High patient volume straining existing infrastructure and human resources.
- Occasional staff strikes
- Delays in the disbursement of exchequer funds from the county government, affecting operations.

4. Financial Performance Summary

The total revenue for the year was KES **28,663,679.95**, derived from SHIF/SHA, PHC and other government entities. Total expenditures inclusive of all purchases were KES **22, 685, 108.00** , with the largest portions allocated to medical costs, employee compensation, procurement and facility maintenance. The hospital recorded a surplus of KES **7,427,763.33** exclusive of purchase of PPE.

5. Other Details

Kayole II Sub County Hospital is located in Embakasi central sub county, Nairobi County. The hospital which is located at the heart of Kayole estate is a level 4 health facility with a catchment population of **113,455**.

The hospital started offering services to the community in 2004. It was constructed by the then Nairobi city council to offer services to the increasing population of Embakasi residents. The hospital serves four wards namely; **Kayole South, Kayole Central, Lower Savannah (formerly known as Soweto) and Komarock**.

The hospital infrastructure includes a MCH/Outpatient block and maternity (In- patients) block which also houses the administration offices. The hospital offers the following services; Basic Obstetrics and Neonatal care including normal deliveries, elective and emergency c/s, and immediate newborn care, Maternal and Child Welfare Clinics, Laboratory services, Pharmaceutical services, Comprehensive Care Clinics and TB clinics, Outpatient services including treatment of common ailments and Nutrition Services, special clinics including NCD and mental health, Dental Services and HTS services. The hospital also offers referral services to patients or clients needing specialized services not offered by the facility.

The facility has endeavored in continued providing the service to the people of Kayole and the environs. The facility has been increasingly put up several additional services in order to meet the standards and demands of the community. The one stop service delivery has been the main aim of the provision of services of the committees. Kayole II Sub county hospital has been a model to bench mark from by other facilities in Nairobi County. It has enabled the services to be procured under one roof with all well-equipped laboratory and pharmacy.

As members of the committee have been dedicated in servicing the oversight role with a lot of prudence and dedication. The committee has ensured that the budgets and timelines are made with utmost diligence. Therefore, this has kept the facility among the most improved and well organized.

6. Going Concern

The Committee has made an assessment of the hospital's ability to continue as a going concern and has no reason to believe the hospital will not remain operational for the foreseeable future. This assessment considers the continued support anticipated from the Nairobi City County Government and other stakeholders.

7. Acknowledgement and Gratitude

The Committee wishes to thank: The Nairobi City County Government for its continued support.

The dedicated hospital staff, led by the Medical Superintendent, for their unwavering commitment to service.

Our development partners and the community for their collaboration.

The Office of the Auditor-General for the audit of these financial statements


.....

Chairman to the COMMITTEE

6. Report of The Medical Superintendent

MEDICAL SUPERITENDENT

Kayole II Sub County Hospital is located in Embakasi central sub county, Nairobi County. The hospital which is located at the heart of Kayole estate is a level 4 health facility with a catchment population of **113,455**.

The hospital started offering services to the community in 2004. It was constructed by the then Nairobi city council to offer services to the increasing population of Embakasi residents. The hospital serves four wards namely; **Kayole South, Kayole Central, Lower Savannah (formerly known as Soweto) and Komarock**.

In December 2021 was elevated to level 4 and was licensed by the KMPDC. In august a maternity theatre was operationalized by Nairobi Metropolitan services

The hospital infrastructure includes an MCH block, Outpatient Block with a casualty and Maternity block which houses the Administration offices and maternity theatre.

The facility offers the following services:

- Maternal and child welfare clinics
- Routine and specialized laboratory tests
- Pharmaceutical services
- Emergency management of critically ill patients before referral
- Outpatient services offering treatment to common ailment
- Nutritional services
- Dental services
- Ultrasound scans services
- Special clinics like NCD clinic, mental health clinic, Comprehensive care and Chest Clinic
- Basic Obstetrics and neonatal care including normal deliveries, Emergency and Electice caesarian deliveries, immediate newborn care and high risk ANC Clinic.

KAYOLE II STAFF ESTABLISHMENT

STAFF	NUMBER
Medical superintendent	1
Obstetrician/gynecologists	2
Clinical officer anesthetists	2
Nurses anesthetists	1
Medical officers	8
Nurses	31
Clinical officers	11
Pharmacist	1
Pharm techs	3
Dental officer	1
Lab technologists	8
Nutritionists	2

Kayole II Level IV Hospital (Nairobi City County Government)
Annual Report and Financial Statements for the Year Ended 30th June 2025

HRIOS (Health Records and Information Officers)	3
Clerks	4
Support staff	9
Casual workers	12

WORKLOAD

NO	SERVICES	NUMBERS & YEAR 2024/25
	Normal deliveries	3225
	Breach deliveries	12
	Maternal mortality	1
	ANC Attendance	12840
	Outpatient	15382

The maternity theatre was operationalized in August 2022 by NMS. The total cesareans **deliveries from August to June 2025 are 1286**



Dr Ruth Kiato

Medical Superintendent

7. Statement of Performance Against Predetermined Objectives

Kayole II Sub-County Level IV Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2026. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: **Maternal Health**

Pillar/theme/issue 2: **Child Health**

Pillar/theme/issue 3: **Outpatient Services**

Pillar/theme/issue 4; **Financial Performance**

Kayole II Sub-County Level IV Hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in the diagram below

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Analysis of Variance & Remarks
Maternal Health	Increase skilled deliveries and Reduce maternal mortality rate	Maternal Mortality Ratio (MMR); Near-miss rate	enhanced emergency obstetric care training and 24/7 availability of surgical teams	Target exceeded due to successful community outreach programs and improved confidence in services
Child Health	Increase immunization coverage (under 1) and Reduce under-5 mortality rate	Immunization coverage rate (e.g., for children under 1 year) Lab tests turnaround time for critical paediatric tests. Caregiver satisfaction scores for	Strengthened buffer stock and engagement with County Health Directorate	Slight shortfall due to vaccine stock-outs from KEMSA

		paediatric services		
Outpatient Services	Reduce OPD patient waiting time	Patient infection rates, Average patient waiting time, Consultation time per patient, Laboratory test turnaround time.	Shorter waits despite higher patient volume than projected. Implementing an elaborate queueing system to address this.	
Financial Performance	Budgetary Control, Cost Management & Efficiency, Increase NHIF claims and Reimbursement Collection.	Cost per procedure; Revenue cycle length; Staffing ratios	Liquidity: Maintain a Current Ratio of at least 1.5. Maintain Personnel Costs below 55% of Total Expenditure.	Exceeded target due to improved billing system and reduced leakage

8. Corporate Governance Statement

Our Corporate governance statement articulates commitment to the following principles, which are hallmarks of sound governance:

- **Committee Responsibilities:** The committee is ultimately responsible for overseeing the hospital's affairs, setting its strategic direction, and ensuring compliance.
- **Transparency and Accountability:** The committee must ensure fair treatment of all, which includes equal access to information.
- **Ethical Leadership and Conflict Management:** The committee must maintain transparent systems for managing conflicts of interest and related-party transactions. A history of governance challenges at other hospitals underscores the importance of this.
- **Stakeholder Engagement:** The committee has a duty to engage with its stakeholders, which for our hospital includes the county government, patients, and the wider community

Governance Pitfalls to Avoid

We highlight critical areas to address proactively in our governance framework:

- **Ensure Appointment and Election Integrity:** Maintain a transparent and credible process for any committee selection.
- **Uphold Fiduciary Duty:** Committee members must avoid serious breaches of corporate ethics, such as disseminating false information, impersonating leadership, or fabricating records.
- **Strengthen Procurement Processes:** Implement robust systems for vendor selection and contract management to prevent irregular payments, award of contracts without competitive bidding etc.

How we maintain good governance

- **Consult the Committee Charter:** The statement should be based on the hospital's official **Committee Charter**, which outlines the specific roles, responsibilities, and operating procedures of the committee and its committees.
- **Download Updated Official Templates:** Visit the PSASB website to download the latest financial reporting templates, which often contain governance disclosure requirements.
- **Review County Guidelines:** Check with the Nairobi County Government for any specific directives or guidelines issued for the newly established committees/boards of Level 4 hospitals.

9. Management Discussion and Analysis

The management of Kayole II Level IV Sub-County Hospital presents this report on the operational and financial performance for the financial year ended 30th June 2025. This report provides an overview of our achievements, challenges, strategic investments, compliance status, and the key risks that shape our operational context.

Operational Performance

The 2024/2025 financial year was marked by significant growth in service delivery, reflecting our commitment to expanding access to quality healthcare.

Patient Volume: We recorded a 32% increase in total patient visits, reaching 95,000 compared to 84,800 in the previous year. Outpatient department (OPD) attendance grew by 21%, while maternity admissions saw a more substantial increase of 15%, indicating a higher acuity of cases handled.

Key Service Units:

Maternal and Child Health: Our maternity wing delivered 2,850 babies, a 9% increase, with a maternal mortality rate of 0.6 for the year.

Surgical Services: The theatre performed 1,450 major and minor surgeries, an 18% increase, supported by facility improvements and specialized maintenance of surgical and theatre equipment.

Diagnostic Services: Utilization of our radiology and laboratory services grew by 30%.

Quality Indicators: The average patient satisfaction score, as measured by outpatient and post-discharge surveys, remained high at 88%. The hospital infection control rate was maintained below the national benchmark at 2.5%

Financial Performance

The hospital achieved a stable financial position, with revenue growth strategically reinvested into facility upgrades and service expansion.

Total Revenue: KES 28,663,680, an estimated 15% increase from the previous year. This growth is attributed to higher patient volumes, improved operational systems, and income from specialized new services.

Revenue Streams: SHIF contributions constituted 65% of total revenue, patient self-pay 30%, and corporate schemes 15%.

Total Expenditure: KES 22,685,108, resulting in an operating surplus of KES 5,978,571.95

- The increase in expenditure was primarily due to:
 - o Higher costs of medical supplies and pharmaceuticals.
 - o Depreciation on new capital equipment.

· **Financial Sustainability:** The operating surplus will be allocated to the facility's future development fund

Key Projects and Investment Decisions

During the year, the hospital implemented strategic investments to enhance its service capacity and technological capability.

Compliance with Statutory Requirements

Kayole II Level IV Sub-County Hospital is committed to upholding the highest standards of legal and regulatory compliance.

· **Kenya Revenue Authority (KRA):** The hospital is fully compliant with all its tax obligations. All returns have been filed, and payments are up to date.

· **Social Health Insurance Fund (SHIF):** The hospital is duly accredited and has adhered to all billing and claim submission guidelines. We have a dedicated team to ensure timely and accurate claim processing.

· **Regulatory Bodies:** We maintain valid licenses from:

- o **Kenya Medical Practitioners and Dentists Council (KMPDC)** for all clinical staff.

- o **Pharmacy and Poisons COMMITTEE (PPB)** for our pharmacy services.
- o **Nairobi City County** for our business permit and public health certificates.

Major Risks Facing the Hospital

- **Financial Risk: Delayed SHIF Reimbursements:** Prolonged delays in payment from SHIF for services rendered continue to pose a significant cash flow challenge.
Mitigation: We have enhanced our claims management guidelines and processes to minimize rejections and are engaging in continuous dialogue with SHIF management.
- **Strategic Risk: Technological Obsolescence:** Rapid advancements in medical technology require continuous investment to remain competitive and offer quality care.
Mitigation: We have a 5-year medical equipment replacement and upgrade plan, funded through a combination of operational surpluses and strategic financing.
- **Compliance Risk: Evolving Regulatory Landscape:** Changes in healthcare regulations, data protection laws (Data Protection Act, 2019), and environmental standards require constant vigilance. **Mitigation:** The hospital has put in place legal and compliance guidelines that are constantly updated to provide regular updates and guidance to management.

10. Environmental And Sustainability Reporting

Sustainability Strategy and Profile

Broad Overview: Global Trends and Sustainability Priorities

The operating environment for our facility is increasingly shaped by local, global, political and macroeconomic trends that directly influence long-term sustainability. Key among these are:

- **Climate Change:** The World Health Organization (WHO) has declared climate change as the single biggest health threat facing humanity. In our case as Kayole II Sub-County Level IV hospital, this translates to increased health risks for vulnerable populations (pregnant women and newborns) from vector-borne diseases, heat stress, and air pollution. It also poses operational risks, such as supply chain disruptions and increased energy costs.
- **Global Economic Volatility:** Inflationary pressures and supply chain instability increase the cost of essential medical supplies, pharmaceuticals, and equipment, threatening financial sustainability and access to affordable care.
- **Social Equity and Demographic Shifts:** There is a growing global emphasis on achieving Universal Health Coverage (UHC) and reducing maternal and neonatal mortality disparities. This aligns with our local priorities to improve healthcare access for all, including marginalized groups.

In response to these trends, Kayole II Sub-County Level IV Hospital aligns its sustainability strategy with international best-practice frameworks, primarily the **United Nations Sustainable Development Goals (SDGs)**. Our efforts are specifically targeted towards:

- **SDG 3: Good Health and Well-being:** (Core to our mission) focusing on Targets 3.1 (reduce maternal mortality) and 3.2 (provide quality health care to all).
- **SDG 5: Gender Equality:** Empowering the community through health education and providing dignified, equitable care.
- **SDG 7: Affordable and Clean Energy:** Reducing our carbon footprint and energy costs.
- **SDG 12: Responsible Consumption and Production:** Managing medical waste responsibly and promoting green procurement.
- **SDG 13: Climate Action:** Building climate resilience into our operations.

Sustainability Priorities and Policy Framework

Our sustainability approach is integrated into our core strategy and governed by the following policy framework:

- **Environmental Policy:** Commits to reducing environmental impact through energy efficiency, water conservation, and proper medical waste segregation and disposal.
- **Social Policy:** Ensures equitable access to our services, promotes staff welfare, and upholds the highest standards of patient safety and data privacy.
- **Governance Policy:** Embodies ethical conduct, transparency and robust risk management.

Our three key sustainability priorities are:

1. **Environmental Stewardship:** Decarbonize operations and build climate resilience.
2. **Social Impact:** Improve health outcomes for patients, particularly from low-income backgrounds.
3. **Economic Resilience:** Ensure long-term financial viability through efficient operations.

Service Delivery Charter and Contracts Management

Service Delivery Charter:

Kayole II Sub-County Level IV Hospital has a Service Charter that commits to:

- Respectful and dignified care for all patients.
- Maximum waiting times for emergency and routine services.
- Transparency in billing and provision of detailed statements.
- A clear and accessible feedback and complaints mechanism.

Procedures on Contracts Management:

Our procurement policy emphasizes support for local enterprise and inclusive growth. The evaluation criteria include not only price and quality but also contributions to local economic development.

For the 2024/2025 financial year, an analysis of our procurement spend (for goods, services, and works) revealed the following proportions allocated to target groups:

- **Local Suppliers/Contractors (Based in Nairobi County): 75%** of total procurement spend.
- **Enterprises owned by Youth: 12%** of total spend (e.g., IT support, catering services).
- **Enterprises owned by Women: 18%** of total spend (e.g., supply of linens, cleaning services, specialized medical supplies).
- **Enterprises employing/PWD-owned: 5%** of total spend (e.g., security services, landscaping).

While we are proud of our support for local and special groups, we have identified a need to increase opportunities for PWD-owned businesses.

Environmental Performance

Kayole II Sub-County Level IV Hospital is committed to protecting the environment and the health of our patients, staff, and community. We recognize our responsibility to minimize the environmental footprint of our operations and to be a leader in sustainable healthcare practices. Our policy is to integrate environmental considerations into all our decision-making processes, comply with all relevant environmental legislation, and strive for continuous improvement in our environmental performance.

Core Principles:

1. **Pollution Prevention:** Minimize waste generation, especially hazardous medical waste, and prevent pollution through responsible management and disposal.
2. **Resource Conservation:** Promote the efficient use of energy, water, and materials.
3. **Climate Action:** Reduce our greenhouse gas emissions and build resilience against climate change impacts.
4. **Biodiversity Stewardship:** Manage our grounds in a way that protects and enhances local biodiversity.
5. **Sustainable Procurement:** Give preference to environmentally friendly products and services.
6. **Effective Waste Management (Reduce, Reuse, Recycle, Disposal)**

Employee Welfare and Human Resource Management

Engagement of Casual Workers

Kayole II Sub-County Level IV Hospital recognizes that flexible staffing is occasionally necessary to manage seasonal fluctuations in patient numbers or to cover short-term absences. However, this is managed with strict adherence to labor regulations and a preference for creating permanent positions.

Documented Proof of Request for Authority:

All requests for engagement of casual labor are initiated by the respective department head and must be approved by the Medical Superintendent. A formal request memo is documented, justifying the need, duration, and specific roles required.

Occupational Safety and Health (OSH) Policy

Kayole II Sub-County Level IV Hospital's **Occupational Safety and Health Policy** is unequivocal: *"The safety, health, and well-being of our employees are paramount. We are fully committed to providing a safe working environment and complying with all provisions of the Occupational Safety and Health Act (OSHA), 2007.

Key elements of the policy include:

- Establishment of an **OSH Committee** comprising management and staff representatives that meets quarterly.
- Mandatory **OSH induction** for all new staff and contractors.
- Regular **risk assessments** and workplace inspections.
- Provision of **Personal Protective Equipment (PPE)** at no cost to staff (e.g., gloves, masks, goggles, lab coats).
- Protocols for managing incidents, accidents, and near-misses.
- Programs on infection prevention and control, fire safety, and manual handling.

Product Stewardship and Awareness Creation (Safeguarding Citizen Rights)

As a service provider, our "product" is healthcare, and we are deeply committed to stewarding the rights and interests of our patients.

Protection of Health and Safety: This is our core mission, achieved through rigorous clinical protocols, licensed professionals, and accredited facilities.

Providing Adequate Information: We ensure **Informed Consent** is obtained for all procedures. Patients are provided with clear information in a language they understand about their condition, treatment options, risks, and costs.

Dispute Resolution and Redress: We have a clear, multi-stage **Patient Feedback and Complaints Mechanism:**

1. Discussion with the nurse-in-charge or department head.
2. Formal written complaint to the Customer Relations Desk.
3. Escalation to the Hospital Management Committee.
4. Independent mediation, if necessary.

All complaints are logged, investigated, and responded to within a defined timeframe.

Consumer Data and Privacy Protection: We have strict **Data Protection guidelines** fully aligned with the **Data Protection Act, 2019**.

- o All patient records are confidential.
- o Access to electronic records is role-based and password-protected.
- We collect only data necessary for treatment and with patient consent.

Corporate Social Responsibility and Community Engagement

Kayole II Sub-County Level IV Hospital recognizes that our responsibility extends beyond the walls of our facility. Our CSR strategy is strategically aligned with our core mandate of improving maternal, newborn, and women's health, ensuring our interventions are impactful and sustainable.

Charitable Giving and Corporate Social Investment (CSI)

Our CSR activities are focused on direct health interventions for vulnerable groups.

A key pillar of our CSR is empowering the community with knowledge to make informed health decisions.

Public Health Education:

- **Evidence:** Executed monthly health talks in community halls across the city. Topics included the importance of antenatal care, nutrition in pregnancy, danger signs during pregnancy, and postnatal family planning. We reached over **5,000 women and their families** directly.

Community Consultation and Participation

We believe in engaging the community not just as beneficiaries, but as partners in health. Our CSR philosophy is rooted in the belief that improving community health is integral to our mission. By investing in these areas, we are not only fulfilling our social contract but also building a healthier, more informed community from which we all benefit.

11. Report of The Health Facility Management Committee

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

Results

The results of the Kayole II Hospital for the year ended June 30 2025 are set out on pages 1 to 8

MANAGEMENT COMMITTEE

The members of the COMMITTEE who served during the year are shown on page v. During the year, no member retired/ resigned or was appointed.

Auditors

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

By Order of the COMMITTEE



.....

Name

Secretary to the COMMITTEE

12. Statement of committee of Management’s Responsibilities

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

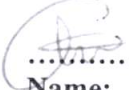
The COMMITTEE of Management is responsible for the preparation and presentation of *Kayole II Hospital* financial statements, which give a true and fair view of the state of affairs of *Kayole II Hospital* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility 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 *Kayole II 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 *Kayole II Hospital*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The COMMITTEE of Management accepts responsibility for *Kayole II Hospital’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The COMMITTEE members are of the opinion that the *Kayole II Hospital’s* financial statements give a true and fair view of the state of *Kayole II Hospital’s* transactions during the financial year ended June 30, 2025, and of *Kayole II Hospital’s* financial position as at that date. The COMMITTEE members further confirm the completeness of the accounting records maintained for *Kayole II Hospital*, which have been relied upon in the preparation of *Kayole II 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 and Nothing has come to the attention of the COMMITTEE of management to indicate that *Kayole II Hospital* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the COMMITTEE on _____ and signed on its behalf by:


.....
Name:
Chairperson
COMMITTEE of Management

.....
Name:
Accounting Officer

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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Enhancing Accountability

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Anniversary Towers
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kayole II Sub County Level 4 Hospital - County Government of Nairobi City set out on pages 1 to 27, which comprise

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

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 Kayole II Sub County Level 4 Hospital – County Government of Nairobi City as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed that the Management did not provide the trial balance in support of the financial statements.

The statement of financial position reflects property, plant and equipment of Kshs.91,043,205 while Note 32 captures a balance of Kshs.85,000,000 leading to an unexplained variance of Kshs.6,043,205. Further, depreciation had not been applied correctly in the calculation of the net book value.

2. Land Without Title Deed

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.91,043,205. Included in the balance is the value of the land totalling Kshs.42,000,000 where the Kayole II Hospital is located. However, no valuation report or original title deed was provided for audit review.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.91,043,205 could not be confirmed.

3. Unsupported Revaluation gain

The statement of changes in net assets reflects an amount of Kshs.85,000,000 in respect of revaluation gain. No valuation report was provided from a qualified, independent, and registered valuer to provide the primary basis for recognizing a revaluation gain.

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

4. Variances Between SHA Receivables

The statement of financial position reflects receivables from exchange transactions of Kshs.6,556,660, being amount owed by the Social Health Authority (SHA). However,

collaborative data from the Social Health Authority shows that SHA owe the facility Kshs.1,512,160.

Further, SHA portal reflects that it had paid Kayole II Hospital Kshs.19,765,960. However, verification of the Hospital Bank statements revealed that the Hospital had received Kshs.16,544,719 leading to unexplained variance of Kshs.3,221,241.

In the circumstances, the accuracy and completeness of receivables from exchange transactions of Kshs.6,556,660 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

In connection with my audit on the Kayole II Sub County Level 4 Hospital financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee

Review of the Governance structure for the financial year 2024/2025 revealed that Kayole II Sub-County Level 4 Hospital did not establish audit committee as mandated by Regulation 167 (1) of the Public Finance Management (County Government) Regulations, 2015.

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

2. Failure to Maintain an Updated Fixed Asset Register

The statement of financial position and Note 32 of the financial statements reflects balance of Kshs.91,043,205 in respect of property, plant and equipment. However, Management did not maintain an updated fixed asset register to maintain and control its assets. This was contrary to Section 143(1) of the Public Financial Management Regulations 2015 which states that Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

3. Late Submission of the Annual Report and Financial Statements

Kayole II Sub County Level 4 Hospital submitted the financial statements to the Office of the Auditor-General on 9 October, 2025 contrary to Treasury circular Ref: No: AG.3/88 Vol.VII(41) dated 4 December, 2024 which instructed accounting officer to submit financial statements to the Office of the Auditor-General by 31 August, 2025.

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

4. Lack of Approved Budget

Management did not provide approved budget for Kayole II Sub-County Level 4 Hospital for the financial year 2024/2025. Further, it was not possible to confirm whether Management complied with the process of preparation and submission of annual estimates for approval by the Board as required by law.

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

5. Lack of a Procurement Plan

The statement of financial performance reflects total expenses of Kshs.21,235,917 out of which Kshs.14,101,797 relates to procurement of goods and services. A review of the procurement conducted in respect to these expenditures revealed that the Hospital did not have an approved procurement plan for the financial year 2024/2025.

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

6. Non-Appropriation of Resources by the County Government

Kayole II Sub-County Level 4 Hospital maintains a revenue collection account at Cooperative Bank with Account Number 01141132186300. A review of the bank statement revealed no deposit has been made to the account by the county government of Nairobi that is supposed to appropriate resources to the Hospital contrary to Facilities Improvement Financing Act, 2023.

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

7. Lack of Hospital Management Board

The statement of financial performance and Note 17 to the financial statements reported board of management expenses amounting to Kshs.322,000. However, there was no hospital management Board. Further, there were no Gazette Notices and Acceptance of board members in writing availed for audit.

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

8. Inadequacies in Universal Health Coverage

Verification of services offered, equipment used and number of members of staff at the Kayole II Sub-County Level 4 Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines for Level 4 hospital due to staff deficits as analyzed in the table below:

Personnel	Level Standard	4 Actual Numbers	Deficit
Medical Officers	16	8	8
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Pediatrics	2	0	2
Radiologists	2	0	2
Kenya Registered Community Health Nurses	75	32	43

Further, the Hospital had deficits in services and equipment as indicated in the table below:

Services	Standard	Observation	Deficit
Bed Capacity	150	32	118
Functional ICU Beds	6	0	6
Functional HDU Beds	6	0	6
Delivery Coaches in Maternity	3	2	1
Incubators in the New Born Unit	5	4	1
HDU cots in the New Born Unit	5	0	5
Operating theatres	2	1	1

Further, the Hospital did not offer specialized services that are normally offered by a Level 4 Hospital such as surgical, pediatric, and renal services.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Inadequate Internal Controls

The audit revealed critical weaknesses in the organization's internal control systems, primarily due to the absence of key personnel, including internal auditor, and procurement officer. These roles are essential for maintaining financial integrity, operational efficiency, and compliance with statutory requirements.

Further, the Hospital has no ICT systems or qualified ICT personnel leading to weakness in control in revenue, inventory and financial management.

In the circumstances, the effectiveness of the internal controls was not fully realized.

2. Lack of Key Policy Documents

The audit revealed that the Hospital lacked key policy documents such as ICT Policy, Risk management policy, HR Policies and Procedure Manual and Finance and Accounting Policy.

In the circumstances, lack of policies may lead to inconsistent performance, poor use of resources and failure to stay competitive.

3. Failure to Conduct Annual and Quarterly Stock Takes

The statement of financial position has a total balance of Kshs.33,706,364 for current assets. A review of these assets showed that the hospital did not conduct quarterly/annual stock takes for items in their stores for the period under review. Further, the hospital lacked a proper inventory management system.

In the circumstances, the validity of the stock levels in the Hospital stores could not be ascertained.

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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from County Govt	7	-	-
Grants from donors	8	-	-
Transfers from other Government entities-	9	-	-
Public contributions and donations	10	-	-
Revenue from exchange transactions			
Rendering of services-Medical Service Income	11	28,663,679.95	5,428,416.00
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Total revenue		28,663,679.95	5,428,416.00
Expenses			
Medical/Clinical costs	15	14,101,797.00	5,875,090.00
Employee costs	16	2,906,810.00	-
Board of Management Expenses	17	322,000.00	-
Depreciation and amortization expense	18	636,330.29	-
Repairs and maintenance	19	802,257.00	890,000.00
General expenses	21	2,466,722.33	4,462,715.00
Finance costs	22	-	-
Total expenses		21,235,916.62	11,227,805.00
Other gains/(losses)			
Gain/Loss on disposal of non-current assets	23	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		7,427,763.33	-5,799,389.00

15. Statement of Financial Position as at 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	10,296,522.09	2,591,358.00
Prepayments	28	-	-
Receivables from exchange transactions	29	6,556,660.00	10,000,000.00
Receivables from non-exchange transactions	30	-	-
Inventories	31	16,853,182.09	37,407,627.00
Total Current Assets		33,706,364.18	49,998,985.00
Non-current assets			
Property, plant, and equipment	32	91,043,204.56	5,481,600.00
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		91,043,204.56	5,481,600.00
Total assets		124,749,568.74	55,480,585.00
Liabilities			
Current liabilities			
Trade and other payables	36	939,585.00	655,500.00
Refundable deposits/Prepayments	37	-	-
Provisions	38	0.00	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		939,585.00	655,500.00
Non-current liabilities			
Provisions	38	0.00	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total Liabilities		939,585.00	655,500.00
Net assets		123,809,983.74	54,825,085.00
Represented by:			
Revaluation reserve		85,000,000.00	-
Accumulated surplus/Deficit		38,809,983.00	-
Capital Fund		-	-
Net Assets		123,809,983.00	-

The Hospital's financial statements were approved by the Board on 26/09/2025 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



.....
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	37,181,608.67	-	37,181,608.67
Revaluation gain	-		-	-
Surplus/(deficit) for the year	-	5,799,389.00	-	5,799,389.00
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	31,382,219.67	-	31,382,219.67
At July 1, 2024	-	31,382,219.67	-	31,382,219.67
Revaluation gain	85,000,000.00	-	-	85,000,000.00
Surplus/(deficit) for the year	-	7,427,763.33	-	7,427,763.33
Capital/Development grants	-	-	-	-
At June 30, 2025	85,000,000.00	38,809,983.00	-	123,809,983.00

Kayole II Level IV Hospital (Nairobi City County Government)
Annual Report and Financial Statements for the Year Ended 30th June 2025

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government	-	-
Transfers from SHIF PHC	377,263.95	
Grants from donors and development partners	-	-
Transfers from SHA/SHIF	16,544,719.00	-
Public contributions and donations	-	-
Rendering of services- Medical Service Income	11,741,697.00	5,428,416.00
Revenue from rent of facilities	-	-
Finance / interest income	-	-
Total Receipts	28,663,679.95	5,428,416.00
Payments		
Medical/Clinical costs	14,101,797.36	5,875,090.00
Employee costs	2,906,810.00	-
Board of Management Expenses	322,000.00	-
Repairs and maintenance	802,257.00	890,000.00
Grants and subsidies	-	-
General expenses	2,466,722.33	4,462,715.00
Total Payments	20,599,586.69	11,227,805.00
Net cash flows from operating activities	8,064,093.26	-5,799,389.00
Cash flows from investing activities		
Purchase of property, plant, equipment	-2,085,521.31	-702,000.00
Purchase of intangible assets	-	-
Proceeds from the sale of PPE	-	-
Acquisition of investments	-	-
Net cash flows used in investing activities	-2,085,521.31	-702,000.00
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Capital grants received	-	-
Net cash flows used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	5,978,571.95	-6,501,389.00
Cash and cash equivalents as at 1 July 2024	4,317,950.14	10,819,339.14
Cash and cash equivalents as at 30 June 2025	10,296,522.09	4,317,950.14

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

Description	Original budget	Adjustments	Final budget	Actual comparable	Perf difference	% utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	0	0	0	0	0
Receipts						-
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service	24,000,000.00	-	24,000,000.00	28,663,679.95	4,663,679.95	19%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Payments						
Medical/Clinical costs	14,300,000.00	-	14,300,000.00	14,101,797.00	198,203.00	99%
Employee costs	2,910,000.00	-	2,910,000.00	2,906,810.00	3,190.00	100%
Remuneration of directors	330,000.00	-	330,000.00	322,000.00	8,000.00	98%

Kayole II Level IV Hospital (Nairobi City County Government)
Annual Report and Financial Statements for the Year Ended 30th June 2025

Repairs and maintenance	810,000.00	-	810,000.00	802,257.00	7,743.00	99%
Grants and subsidies	-	-	-	-	-	-
General expenses	2,500,000.00	-	2,500,000.00	2,466,722.33	33,277.67	99%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	20,850,000.00	-	20,850,000.00	20,599,586.33	250,413.67	99%
Capital Expenditure paid	2,100,000.00	-	2,100,000.00	2,085,521.31	14,478.69	99%
Surplus	1,050,000.00	-	1,050,000.00	5,978,572.31	264,892.36	569%

19. Notes to the Financial Statements

1. General Information

Kayole II Sub-county Level IV Hospital is established by and derives its authority and accountability from the Act. The Kayole II Hospital is wholly owned by the Nairobi County Government and is domiciled in Nairobi County in Kenya.

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 *Kayole II Hospital's* accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kayole II 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.

2. 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 Kayole II Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that 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</p>

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Standard	Effective date and impact:
	land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
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>
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 Kayole II Hospital 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>
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</p>

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

iii) Early adoption of standards

Kayole II Hospital did not adopt any new or amended standards in the financial year.

3. 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 *Kayole II Hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

b. Budget information

Kayole II Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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.

c. 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.

d. 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 Kayole II Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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 Kayole II Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Kayole II Hospital. Such changes are reflected in the assumptions when they occur.(IPSAS 1.140)

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Kayole II Hospital.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Transfers from the County Government

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

6b. Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income
	KShs	KShs
County Government	-	-

7. In Kind Contributions from The County Government

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

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount-deferred-under deferred-income
	KShs	KShs
Donor e.g., DANIDA	-	-
JICA	-	-
World Bank	-	-
Total	-	-

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	6,941,234.00	3,368,098.00
Non-Pharmaceuticals	1,867,500.00	-
Laboratory	3,950,000.50	1,289,710.00
Radiology	1,350,000.45	-
Theatre	3,435,115.00	770,608.00
Anaesthesia Service	1,305,000.00	-
Nutrition service	1,960,930.00	-
Dental services	1,865,000.00	-
Maternity & Reproductive health	5,988,900.00	-
Other medical services income (specify)	-	-
Total revenue from the rendering of services	28,663,679.95	5,428,416.00

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Total Miscellaneous income	-	-

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	1,250,000.00	765,900.00
Laboratory chemicals and reagents	1,598,275.36	980,123.00
Public health activities	-	-
Food and Ration	1,976,000.00	765,200.00
Uniform, clothing, and linen	518,490.04	213,000.00
Dressing and Non-Pharmaceuticals	3,573,788.00	586,700.00
Pharmaceutical supplies	4,017,335.00	1,110,980.00
Reproductive health materials	486,436.60	285,159.00
Sanitary and cleansing Materials	295,722.00	123,754.00
Purchase of Medical gases	165,750.00	85,600.00
X-Ray/Radiology supplies	220,000.00	332,000.00
Other medical related clinical costs (specify)	-	
Total medical/ clinical costs	14,101,797.00	5,248,416.00

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	2,828,100.00	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	78,710.00	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	2,906,810.00	-

17. Board of Management Expenses

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	312,000.00	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	10,000.00	-
Airtime allowances	-	-
Total	322,000.00	-

18. Depreciation & Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	636,330.29	0.00
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	636,330.29	-

19.Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	135,797.00	-
Medical equipment	370,480.00	-
Office equipment	124,000.00	-
Furniture and fittings	-	-
Computers and accessories	37,180.00	-
Motor vehicle expenses	-	-
Maintenance of civil works	134,800.00	-
Total repairs and maintenance	802,257.00	-

20.Grants And Subsidies

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

21.General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Waste management expenses	134,800.00	185,000.00
Bank charges	31,400.00	65,400.00
Electricity expenses	253,820.00	298,000.00
Fuel,Gas and Lubricants	365,104.33	665,000.00
Daily Subsistence	396,400.00	234,500.00
Research and development expenses	-	231,515.00
Sanitary and Cleaning	215,778.00	0.00
Printing and stationery	0.00	123,500.00
Water and sewerage costs	114,700.00	1,156,800.00

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Telephone and internet services	267,565.00	445,000.00
General Office Supplies	249,590.00	
Food and Ration	437,565.00	274,000.00
Parking charges	-	
Total General Expenses	2,466,722.33	4,462,715.00

22. Finance Costs

DESCRIPTION	2024/2025	2023/2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Total finance costs	-	-

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

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

24. Unrealized Gain On Fair Value Investments

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

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024/2025 KShs	2023/2024 KShs
Current accounts	10,296,522.09	4,317,950.14
On - call deposits	-	
Fixed deposits accounts	-	
Cash in hand	-	
Others(specify)- Mobile money	-	
Total cash and cash equivalents	10,296,522.09	4,317,950.14

28. Prepayments

Description	2024/2025 Kshs	2023/2024 Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Total	-	-

29. Receivables from exchange transactions

Description	2024/2025 KShs	2023/2024 KShs
Medical services receivables	6,556,660.00	10,000,000.00
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	6,556,660.00	10,000,000.00

29a. Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	6,556,660.00	31%	10,000,000.00	43%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	6,556,660.00	-	10,000,000.00	-

30. Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	5,017,335.00	5,957,303.09
Maintenance supplies	2,568,000.00	-
Food supplies	3,534,069.00	4,491,370.00
Linen and clothing supplies	1,342,000.00	1,418,744.00
Cleaning materials supplies	391,778.09	576,342.00
General supplies	4,000,000.00	3,842,290.00
Less: provision for impairment of stocks	-	-
Total	16,853,182.09	16,286,049.09

31a. Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	16,286,049.09	-
Additional Inventory in the year	4,176,505.00	-

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Inventory expensed in the year	-	3,609,372.00	-
Closing balance		16,853,182.09	16,286,049.09

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furnitu
	Ksh	Ksh	Ksh	
Cost				
At 1 July 2023	-	0.00	-	
Additions	-	-	-	
Disposals	-	-	-	
Transfers/adjustments	-	-	-	
Revaluation Adjustments	-	-	-	
At 30th Jun 2024	-	0.00	-	
At 1 July 2024	N/A	40,748,278.69	-	
Additions		2,251,721.31	-	
Disposals	-	-	-	
Transfer/adjustments	0.00	-	-	
Revaluation Adjustments				
At 30th Jun 2025	42,000,000.00	43,000,000.00	-	
Depreciation and impairment				
Useful life in years			0	
Annual Depreciation				
NBV At 1 July 2025	42,000,000.00	43,000,000.00		

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-

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Disposal	-	-
At end of the year	-	-

34. Investment Property

Description	2024/2025	2023/2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Impairment	-	-
At end of the year	-	-

35. Biological Assets

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

36. Trade and other Payables

Description	KShs	KShs
Trade payables	835,585.00	655,500.00
Accrued Employee benefits	104,000.00	-
Third-party payments (e.g. unremitted payroll deductions)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	939,585.00	655,500.00

37. Refundable Deposits from Customers/Patients

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

38. Provisions

Description	Locum provision	Restructuring Provision
	KShs	KShs
Balance at the beginning of the year	-	-
Additional Provisions	-	0.00
Provision utilised	-	0
Change due to discount & time value for money	-	0
Total provisions	-	0.00

39 Finance Lease Obligation

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

39b Deferred Income

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

40 The deferred income movement is as follows:

Description	National government	International funders/ donors
Balance b/f		
Additions during the year		
Transfers to Capital fund		
Balance C/F		

41. Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-

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Domestic borrowings during the year	-	-
Balance at end of the period	-	-

42. Service Concession Arrangements

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

Events after the Reporting Period

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

4. Ultimate and Holding Kayole II Hospital

Kayole II Hospital is a County Corporation/ or a Semi- Autonomous Government Agency under the County Department of Health. Its ultimate parent is the County Government of Nairobi.

5. Currency

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

19. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date you expect 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 Kayole II Hospital responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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Accounting Officer

Appendix II: Projects Implemented by The Kayole II Hospital

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidat 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
1					
2					
3					

Appendix III: Inter-Kayole II Hospital Confirmation Letter

Name of Transferring Kayole II Hospital.....

Name of Beneficiary Kayole II Hospital.....

Confirmation of amounts received by [Insert name of beneficiary Kayole II Hospital] as at 30th June (Current Year)					
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 Kayole II Hospital:
 Name Sign Date

Head of Accounts Department - Beneficiary Kayole II Hospital:
 Name Sign Date.....

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implement Partner
				Q1	Q2	Q3	Q4		

Appendix V: Disaster Expenditure Reporting Template

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