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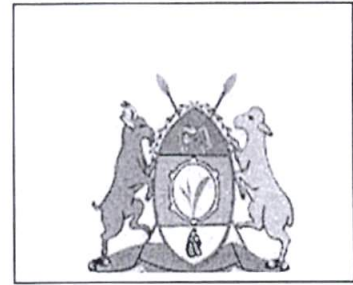
ON

KERICHO COUNTY REFERRAL HOSPITAL

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

COUNTY GOVERNMENT OF KERICHO

212



KERICHO COUNTY REFERRAL LEVEL 5 HOSPITAL **(Kericho County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

FIF	Facility Improvement Fund
NHIF	National Health Insurance Fund
HMT	Hospital Management Team
CRF	County Revenue Fund
AIE	Authority to Incur Expenditure
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
SHA	Social Health Authority
SHIF	Social Health Insurance Fund

2. Key Entity Information and Management

(a) Background information

Kericho County Referral Hospital is a high volume level 5 government facility, located in Kericho County, Ainamoi Sub-county under the department of Health Services, established under gazette notice. The hospital is governed by the Hospital Management Team. It serves the people of Kericho County and the neighbouring counties; Bomet, Nyamira, Narok, Kisii and Nakuru County. The Hospital is a Medical and Clinical internship centre and currently is an accredited teaching and referral hospital for University of Kabianga and all Kenya Medical Training Colleges across the region.

The hospital is a public institution operating under key national and county legal frameworks including the **County Governments Act, 2012, the Health Act, 2017, and the Public Finance Management Act, 2012**. As part of Kericho County's Department of Health, Kericho County Referral Hospital adheres to national Ministry of Health policies and County health service guidelines. It is governed by a **Hospital Management Committee** supported administratively by the **County Health Management Team (CHMT)**.

The facility provides 24-hour primary care services, upholding a mission centered on compassionate, affordable, and quality health services rooted in community values and Christian-minded services.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to:

OUR VISION

A prime hospital of choice in the country

OUR MISSION

To provide high quality accessible and acceptable health services and excellent training facilities

OUR GOAL

To provide excellent health services to our clients by continually developing the leaders, motivating an empowered well-equipped workforce, mobilizing and diligently utilizing resources and harnessing health information for better management.

OUR CORE VALUES

These values shall guide our character and behaviour:

- a. Compassion: we shall treat all our clients with empathy
- b. Integrity: we shall maintain high ethical conduct in all our dealings
- c. Professionalism: we shall be professional in all our dealings
- d. Punctuality: All our services will be timely

- e. Efficiency: We will be diligent in our resource utilization
- f. Effectiveness: we shall be responsive to our clients' needs
- g. Courtesy: we serve with humility
- h. Team work: Team work is our strength

(c) Key Management

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

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

(d) Fiduciary Management

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

SN	Designation	Name
1.	Medical Superintendent	Dr. Samuel Langat
2.	Deputy medical Superintendent(Administration)	Dr. Gilbert Langat
3.	Deputy Medical Superintendent(Clinical)	Dr. Risper Chepngetich
4.	Head of finance	Ezra Kirui
5.	Head of supply chain	Irene Kitur
6.	Nursing Officer	Joel Tanui

(e) Fiduciary Oversight Arrangements

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

The key fiduciary oversight bodies at the County for the period ended 30th June 2024 were:

- i. Internal Audit unit undertake periodic reviews of expenditures and make recommendations on improprieties noted.
- ii. The County Executive Committee is in charge of ensuring all programs are run smoothly and there is value for money.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 11-20200
Kericho
KENYA
Hospital Road
Hospital Grounds
Hospital Road

(g) Entity Contacts

Telephone: (+254) 734758-102
E-mail: kerichodistricthospital@gmail.com

(h) Entity Bankers

Bank Name: Kenya Commercial Bank.
Branch: Kericho Branch.
Bank Account Name: Kericho District Hospital.
Bank Account Number: **1153047764**

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Nairobi, Kenya

(k) **County Attorney**

P.O. Box. 112
Kericho, Kenya

3. The Board of Management

The hospital did not have a board of management during the year but operated under the Hospital Management Team, whose members comprises of heads of departments.

*Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

4. Key Management Team

S/No	Name	Designation	Email Address
1.	Dr. Samuel Langat	Ophthalmologist / Medical Superintendent	langat.samuel@ymail.com
2.	Dr. Gilbert Langat	Cardio Thoracic / Deputy Medical Superintendent – Administration	glangat@gmail.com
3.	Dr. Risper Chepngetich	Paediatrician / Deputy Medical Superintendent-Clinical	chepngetich74@gmail.com
4.	Dr. Churyai Raymond	Physician/ HOD Internal Medicine	churyai@yahoo.com
5.	Dr. Linda Nasengo	Obstetrician / HOD OBS/ Gynae	lindanasengo@gmail.com
6.	Dr. Joan Ongare	Paediatrician / HOD Paeds	arwa.ongare@gmail.com
7.	Dr. Nyongesa Daniel	Surgeon/ HOD Surgery	mukwanadaniel@yahoo.com
8.	Dr. Kiprono G.K	Orthopaedic Surgeon / HOD Orthopaedic	sikiprono@gmail.com
9.	Dr. Dorcas Bundi	Anesthesiologist/ HOD Anesthesiologist & ICU	dmokeira87@gmail.com
10.	Dr. Gilbert Cheruiyot	Ophthalmologist/ HOD Ophthalmology	gilcheru7@yahoo.com
11.	Dr. Nuru Mbarak	Radiologist / HOD Radiology & Imaging	mbaraknuru02@gmail.com
12.	Dr. Mugiira George Itabarie	Psychiatrist/ HOD Psychiatry	mugiiraitabari@gmail.com
13.	Dr. Kelly Okumu	Medical Specialist / HOD ENT	kellyok2001@yahoo.com
14.	Mr. Joel Tanui	Nursing Service Manager/ HOD Nursing Services	joeltanui@yahoo.com
15.	Ms. Flossy Kirui	Nutrition & Dietician / HOD Nutrition	flossyche@yahoo.com
16.	Ms. Dorothy Moraa	Health Records & Information Officer/ HOD Health Records.	mose.dorothy@yahoo.com
17.	Mr. Robert Sang	Medical Laboratory Officer/ HOD Medical Laboratory	crobertosang@yahoo.com
18.	Mr. Philip Rotich	Registered Clinical Officer / HOD Clinical	philliprotich@gmail.com
19.	Mr. Ezra Kirui	Accountant / HOD Accounts	ezrakiruy@gmail.com
20.	Mr. Dennis Ngeno	Public Health Officer / HOD Hospital Sanitation	denniskipkemoingen@gmail.com
21.	Mr. Ericson Kipkirui	Bio Medical Engineer Officer/ HOD Bio Medical	
22.	Mr. George Owiti	Chief Radiographer / QIT	g_orgeowiti@yahoo.com
23.	Ms. Hellen Cherotich	Human Resource Officer / HMT Secretary	hellencherotich34@gmail.com
24.	Dr. Calvin Moseu	Pharmacist/ HOD Pharmacy	calvinmoseti4@gmail.com

5. Chairman’s Statement

Kericho County Referral hospital as a public Hospital of choice in Kericho and beyond, offers quality specialized health care to patients from the entire Kericho county and the neighbouring counties like Bomet, Narok, Kisii, Nyamira, Kisumu, Nakuru etc. These services include orthopaedic surgery, burns management, critical care services, new born services, ophthalmology, oncology, palliative care and renal services among others. Building on the gains made in the previous years, reinforced by clear systems and processes as well as enabling environment, the financial year 2024/2025 reaffirmed our strong sense of purpose in delivering high quality, personalized care with sharp edge of innovations.

Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the Hospital.

The hospital has continued to experience challenges and changing business environment which calls for continuous improvement of the quality of services to the customers. In response to this, the hospital management team remains focused on providing resources and supporting initiatives that will sustain Kericho County Referral Hospital in a leadership position in the healthcare sector.

.....*Dr Samuel Kariuki*.....

Name

Medical Superintendent

6. Report of The Medical Superintendent

The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists in all disciplines of medical practice who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centred services.

In financial year 2024/2025, the hospital established centres of excellence in the following areas: Cancer, diabetes, blood pressure, Diseases, HIV medicine, Renal and Nursing. This is in a bid to provide excellent specialized services and improve quality healthcare. The centres of excellence will also provide one stop services for the increasing cases of diseases referred.

The use of ICT is a priority for Kericho county referral hospital as a need to automate systems to enhance efficiency in services delivery. All the departments in the hospital are interconnected by a specific system software which enables the hospital to run smoothly and effectively.

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost sharing revenue. During the year under review, the hospital generated Kshs. 306,715,534.00

The thousands of patients served are a living testament to the care, love and support offered every day by the outstanding commitment of our staff. We are grateful to our stakeholders and sponsors for their kindness, compassion, support, dedication and contributions to Kericho County Referral Hospital.

.....

Name

Secretary to the HMT

7. Statement of Performance Against Predetermined Objectives

Health Promotion

Objective Description	Performance Metrics	Performance Achieved
Promote community health awareness	Community outreach events, health campaigns	Conducted three outreach events, reaching community members, meeting the set objectives.
Provide preventive health education	Health education sessions, school collaborations	Conducted health education sessions and established collaborations with local schools, achieving the targets.

Patient Access and Capacity Expansion

Objective Description	Performance Metrics	Performance Achieved
Increase patient capacity	Bed utilization rates, admissions	Achieved an increase in bed utilization rates by meeting the objective.
Reduce patient	Average wait times,	Reduced average wait times by operationalization of more clinical areas surpassing the target reduction

***Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025***

Objective Description	Performance Metrics	Performance Achieved
waiting times	appointment scheduling	goal.

Regulatory and Compliance Adherence

Objective Description	Performance Metrics	Performance Achieved
Ensure compliance with healthcare regulations	Regulatory audit results	Maintained a compliance rate of 8%, meeting regulatory requirements.

Conclusion

Kericho County Referral Hospital has made substantial progress in achieving its predetermined objectives across various critical areas. While significant accomplishments have been made, continuous efforts are required to sustain and build upon these achievements. The hospital remains committed to delivering high-quality healthcare services to the community while addressing emerging challenges and opportunities.

This statement provides a snapshot of the hospital's performance against its predetermined objectives. For more detailed information, please refer to the hospital's comprehensive performance reports and associated data sources

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental in ensuring sustainable stakeholder value and meeting their expectations. Our structures, procedures and processes are anchored on accountability, transparency, responsibility and fairness which are the tenets of good corporate governance. Through the Hospital Management team, Kericho County Referral Hospital remains steadfast in complying with statutory requirements.

The Hospital Management Team normally meets once in every quarter to discuss matters and progress of the hospital.

The Hospital Management Team comprises of the following members:

S/No	Name	Designation
1.	Dr. Samuel Langat	Medical Superintendent
2.	Dr. Gilbert Langat	Deputy Medical Superintendent – Administration
3.	Dr. Risper Chepngetich	Deputy Medical Superintendent-Clinical
4.	Dr. Churyai Raymond	HOD Internal Medicine
5.	Dr. Linda Nasengo	HOD OBS/ Gynecologist
6.	Dr. Joan Ongare	HOD Pediatric
7.	Dr. Nyongesa Daniel	HOD Surgery
8.	Dr. Kiprono G.K	HOD Orthopedic
9.	Dr. Dorcas Bundi	HOD Anesthesiologist & ICU
10.	Dr. Gilbert Cheruiyot	HOD Ophthalmology
11.	Dr. Nuru Mbarak	HOD Radiology & Imaging
12.	Dr. Mugiira George Itabarie	HOD Psychiatry
13.	Dr. Kelly Okumu	HOD ENT
14.	Mr. Joel Tanui	HOD Nursing Services
15.	Ms. Flossy Kirui	HOD Nutrition
16.	Ms. Dorothy Moraa	HOD Health Records.
17.	Mr. Robert Sang	HOD Medical Laboratory
18.	Mr. Philip Rotich	HOD Clinical
19.	Mr. Davies Sang	HOD Accounts
20.	Mr. Dennis Ngeno	HOD Hospital Sanitation
21.	Mr. Ericson Kipkirui	HOD Bio Medical
22.	Ms. Hellen Cherotich	HOD HR
23.	Mr. George Owiti	QIT
24.	Dr. Calvin Moseti	Pharmacist

The Chairman is responsible for the strategic leadership of the hospital management team and is pivotal in creating conditions for the overall effectiveness of the HMT, promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively.

He ensures that the HMT plays a full and constructive part in the development and determination of the Hospital's strategies and policies. The chairman ensures that HMT meetings are held as and when necessary and members are supplied with accurate, timely and sufficient information to enable them to discharge their duties effectively.

HMT members are expected to be responsible, prudent and skilful while carrying out their fiduciary duties on behalf of the Hospital.

As the hospital progress towards becoming a high performing organization, the HMT remains focused on ensuring that the Hospital attracts and retains high performing, committed and motivated staff to enable the Hospital to achieve its objectives. We will continue to foster positive relationships with the various unions and other stakeholders to ensure that all staff work for the advancement of the Hospital. We will focus on ensuring our policies enable objective and robust performance management while ensuring our employees have a positive working environment.

9. Management Discussion and Analysis

I. Hospital Overview

Kericho County Referral Hospital is a prominent healthcare facility located in the Kericho County in the republic of Kenya. It serves as a vital healthcare provider for the local community, offering a range of medical services, including emergency care, outpatient services, inpatient care, and specialized medical treatments. The hospital is committed to providing quality healthcare services to the residents of Kericho and its neighboring regions.

II. Financial Performance

- Revenue Analysis:** In the fiscal year 2024/2025, Kericho County Referral Hospital generated a total revenue of **Kshs 306,715,534.00** which primarily consisted of, patient service revenue, and SHA and NHIF claims . This was an decrease of **Kshs. 29,578,014.50** as compared to **Kshs. 336,293,548.50** which was revenue collected in financial year 2023/2024. This decrease was due to closure of the Hospital for asbestos removal.
- Expenses Analysis:** The hospital's expenses, including personnel costs, medical supplies, and infrastructure maintenance during financial year 2024/25 was **Kshs. 322,459,901.50**

Description	Amount
Medical/Clinical costs	186,839,257.00
Employee costs	12,738,920.00
Repairs and maintenance	7,972,519.00
General expenses	114,909,205.50
Total	322,459,901.50

III. Operational Performance

- **Patient Volume:** In financial year 2024/2025, the hospital served patients across various departments as shown in the table below.
- This indicates a 5% increase in patient volume compared to the previous year. The hospital's ability to attract patients reflects its reputation for quality care.

Details.	Number
Outpatients	11,682
In patients	1,004
Maternity	1,256
Family Planning	161
Comprehensive Care Centre	1,168
Total	15,271

- **Quality of Care:** The hospital continued to focus on providing high-quality healthcare services. Patient satisfaction surveys indicate that 85% of patients rated their experience as positive, highlighting the dedication of the hospital's staff and its commitment to patient-centered care.
- **Infrastructure and Technology:** Kericho County Referral Hospital invested in upgrading its infrastructure and technology. New equipment, such as CT scan, has improved diagnostic capabilities and patient outcomes. Additionally, the implementation of an electronic health record system has enhanced patient data management and accessibility.

IV. Strategic Initiatives

- **Expansion and Modernization:** To meet the growing healthcare needs of the community, the hospital plans to expand its facilities and modernize existing infrastructure. This includes the construction of oncology , which will increase the hospital's capacity to serve more patients.
- **Community Outreach:** Kericho County Referral Hospital recognizes the importance of community health education and outreach programs. It plans to collaborate with local schools, community organizations, and government agencies to promote health awareness and preventive care in the region.
- **Staff Development:** The hospital is committed to staff training and development programs to ensure that healthcare professionals are well-equipped with the latest medical knowledge and skills. This will enhance the quality of care provided to patients.

V. Challenges and Risks

Despite the hospital's achievements, it faces several challenges and risks, including:

- **Financial Sustainability:** The rising cost of healthcare and reimbursement challenges from government agencies pose a risk to the hospital's financial sustainability.
- **Staffing Shortages:** Recruiting and retaining skilled healthcare professionals remains a challenge, affecting the hospital's ability to provide timely and quality care.
- **Infrastructure Constraints:** The hospital's aging infrastructure may limit its capacity to accommodate the growing patient population and modern medical equipment.

VI. Conclusion

Kericho County Referral Hospital has made significant strides in providing quality healthcare services to the community. Despite the challenges it faces, the hospital remains committed to its mission of improving the health and well-being of the residents of Kericho and surrounding areas. With strategic initiatives in place and a dedicated team, the hospital is poised for continued growth and excellence in healthcare delivery.

10. Environmental And Sustainability Reporting

Kericho County Referral Hospital is committed to promoting environmental sustainability and responsible healthcare practices. This report outlines the hospital's efforts to reduce its environmental impact, improve sustainability, and enhance the well-being of the community it serves.

Some of the practices includes;

1. Energy Efficiency:

Kericho County Hospital has implemented energy-efficient lighting and HVAC systems, resulting in a significant reduction in energy consumption.

The hospital has a plan to invest in renewable energy sources, such as solar panels, to further reduce its carbon footprint.

2. Waste Management:

A comprehensive waste management program has been established including reducing single-use plastics, and proper disposal of hazardous materials.

A biohazard waste reduction program has led to more responsible handling and disposal of medical waste.

3. Water Conservation:

The hospital has adopted water-saving technologies, such as low-flow fixtures and rainwater harvesting systems.

Educational programs have been initiated to promote water conservation among staff and patients.

4. Green Procurement:

Kericho County Referral Hospital prioritizes the procurement of eco-friendly products and materials, including non-toxic cleaning supplies and sustainable office supplies.

Preference is given to suppliers with environmentally responsible practices.

5. Transportation:

Promoting alternative transportation options for employees, such as carpooling and public transit, is actively encouraged.

6. Sustainable Practices in Healthcare:

Kericho County Referral Hospital focuses on patient-centred care, emphasizing preventative healthcare to reduce long-term environmental impact.

7. Community Engagement:

Kericho County Referral Hospital collaborates with local environmental organizations to raise awareness about sustainability.

8. Future Initiatives:

Expansion of renewable energy sources.

Continued commitment to waste reduction and recycling.

Enhanced water conservation measures.

Implementation of sustainable transportation options.

Conclusion:

Kericho County Referral Hospital recognizes the importance of environmental sustainability in healthcare. By implementing various initiatives and engaging with the community, the hospital is dedicated to reducing its environmental footprint while providing high-quality healthcare services. Sustainability remains at the core of Kericho County Referral Hospital's mission, contributing to a healthier future for both patients and the County.

11. Report of The Board of Management

The hospital did not have a board of management during the year but operated under the Hospital Management Team, which comprises of heads of departments.

12. Statement of Board of Management's Responsibilities

The hospital did not have a board of management during the year but operated under the Hospital Management Team, which comprises of heads of departments.

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF KERICHO

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 Kericho County Referral Hospital - County Government of Kericho set out on pages 1 to 51 which comprise of the

Report of the Auditor-General on Kericho County Referral Hospital for the year ended 30 June, 2025 – County Government of Kericho

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 Kericho County Referral Hospital - County Government of Kericho 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 Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Receivables- Rendering of Services

The statement of financial performance reflects Nil receivables - rendering of services. However, the amount differs with receivables -rendering of rendering services totalling Kshs.30,578,995 reflected in Note 9 to financial statements resulting in unexplained variance of Kshs.30,578,995.

Similarly, the amount does not include income from patients' commitments and AON Insurance claims amounting to Kshs.9,973,817 and Kshs.440,924, respectively, all totalling Kshs.10,414,741. The AON Insurance claims were not supported with detailed schedules indicating the name of debtor, services offered, invoice number and invoice amount. Revenue generated from all revenue streams through Mpesa paybill totalling Kshs.4,450,166 were not supported by schedules.

Further, the amount includes claims for National Health Insurance Fund (NHIF) and Social Health Authority (SHA) amounting to Kshs.210,266,383. However, the amount differs with supporting documents actual claims amounting to Kshs.242,120,535 resulting in unexplained variance of Kshs.31,854,152. The claims from NHIF and SHA were also not supported with schedule containing the name of debtor, services offered, invoice number and invoice amount.

In addition, review of records on the monthly revenue system generated reports in respect to rendering of services -medical income revenues against the respective cashbook for the year revealed variances totaling Kshs.21,369,790 as shown below:

Month	Amount in System Generated Report (Kshs)	Amount in Cashbook (Kshs)	Variance (Kshs)
July	9,821,700	10,145,008	323,308
August	10,368,334	10,698,790	330,456
September	10,756,244	10,923,958	167,714
October	11,281,939	11,269,356	12,583
November	6,823,113	6,785,317	37,796
December	5,787,652	5,905,665	118,013
January	7,032,947	7,233,412	200,465
February	8,615,650	9,860,632	1,244,982
March	8,368,274	22,464,409	14,096,135
April	6,762,598	11,518,007	4,755,409
May	6,380,534	6,564,222	183,688
Total	91,998,985	113,368,776	21,369,791

In the circumstances, the accuracy and completeness of Nil receivables - rendering of services could not be confirmed.

2. Inaccuracy Medical/Clinical Costs

The statement of financial performance and as disclosed in Note 11 to the financial statements reflect medical/clinical expenses amounting to Kshs.186,839,257. The amount includes Kshs.87,817,075 incurred on dressing and non-pharmaceuticals expenditure. However, review of ledgers in support of the expenditure revealed transactions amounting to Kshs.1,453,599 relating to electricity expenses that were wrongly charged to medical/clinical expenses instead of general expenses.

In the circumstances, the accuracy and completeness of medical/clinical expenses amounting to Kshs.186,839,257 could not be confirmed.

3. Inaccuracy of Employee Costs

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects employee costs amounting to Kshs.12,738,920 in respect of contractual staff. Review of records revealed that the Hospital had engaged sixty (60) members of staff on contractual terms with an agreement that the employee cost be shared between the Hospital and the County Government. However, the employee costs totalling Kshs.6,022,930 paid by the County Executive was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of employee costs amounting to Kshs.12,738,920 could not be confirmed.

4. Inaccuracy of Repairs and Maintenance Expenses

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects repairs and maintenance expenses amounting to Kshs.7,972,519.

The amount does not include expenditure amounting to Kshs.747,000 incurred on servicing of Intensive Care Unit (ICU) ventilator machines.

In the circumstances, the accuracy and completeness of repairs and maintenance expenses amounting to Kshs.7,972,519 could not be confirmed.

5. Inaccuracy of General Expenses

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects general expenses amounting to Kshs.114,909,206. However, the amount differs with the recomputed total amount of Kshs.113,930,949 resulting in unexplained variance of Kshs.978,257.

Further, the statement of financial performance reflects general expenses amounting to Kshs.114,909,205. However, the amount does not include expenditure amounting to Kshs.978,257 incurred on subscriptions to newspapers, periodicals, magazines, and gazette notices resulting to an understatement of the same amount in the financial statements.

In the circumstances, the accuracy and completeness of general expenses amounting to Kshs.114,909,206 could not be confirmed.

6. Inaccuracy of Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions totalling Kshs.63,624,396. Review of records revealed that the amount is in respect of reimbursements from Social Health Authority (SHA). However, the amount differs with the respective ledger balance of Kshs.157,932,145 resulting in unreconciled variance of Kshs.94,307,749.

Further, the ageing analysis of the receivables were not provided for audit review. The ageing analysis has also not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness of receivables from exchange transactions totalling Kshs.63,624,396 could not be confirmed.

7. Inaccuracy of Inventories

The statement of financial position and as disclosed in Note 20 to the financial statements reflects inventories totalling Kshs.12,586,735. However, amount includes pharmaceuticals totalling Kshs.9,556,890. However, the pharmaceuticals inventory differs with the recalculated pharmaceuticals balance of Kshs.9,904,590 resulting to a variance of Kshs.347,700.

Further, stock take report in support of the inventories was not provided for audit review. The analysis of the inventories has also not been disclosed in the financial statements.

In addition, the Hospital does not have an adequate inventory system that can track and monitor the consumption of pharmaceuticals and non-pharmaceuticals. The current stock levels were therefore not confirmed. This limits the Hospital's ability to plan for procurement of drugs and increases the risk of stockouts or loss of inventory.

In the circumstances, the accuracy and completeness of inventories totalling Kshs.12,586,735 could not be confirmed.

8. Inaccuracy of Property, Plant and Equipment

The statement of financial position reflects an amount of property, plant and equipment of Kshs.99,736,944 as disclosed in Note 21 to the financial statements. The amount includes additions to property, plant and equipment totalling Kshs.3,986,637 which have not been depreciated.

Further, fixed assets movement schedule in Note 21 to the Financial Statements reflects Nil balance in relation to motor vehicles. However, asset register reflects two (2) motor vehicles. No explanation was provided for the anomaly.

In the circumstances, the accuracy and completeness of property, plant and equipment of Kshs.99,736,944 could not be confirmed.

9. Inaccuracy of Intangible Assets

The statement of financial statements reflects Nil intangible assets. However, review of records revealed that the Hospital operates an information software system to bill patients. Two operating system of unknown value was procured in the year under review. However, the two (2) operating software systems have not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness of Nil intangible assets could not be confirmed.

10. Inaccuracy of Trade and Other Payables

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables totalling Kshs.54,728,305. The amount includes payables amounting to Kshs.1,910,000 owed to Kenya Medical Supplies Authority (KEMSA). However, KEMSA records reflect a balance of Kshs.7,477,907 resulting to unexplained variance of Kshs.5,567,907.

Further, ledgers for the trade and other payables indicating individual opening balances, additions, and amounts settled during the year were not provided for audit review. The ageing analysis of the payables was not provided for audit review and disclosed in the financial statements.

In the circumstances, the accuracy and completeness of trade and other payables totalling Kshs.54,728,305 could not be confirmed.

11. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.157,237,861. However, the amount includes opening balance of Kshs.164,693,474 as disclosed in the statement of changes in net assets. However, the balance differs with

the prior year audited balance of Kshs.135,990,002 in unexplained variance of Kshs.28,703,472.

In the circumstances, the accuracy and completeness of accumulated surplus totalling Kshs.157,237,861 could not be confirmed.

12. Inaccuracy of the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final budget amounting to Kshs.409,200,000. However, the amount differs with the approved final budget of Kshs.395,600,000 resulting in unexplained variance of Kshs.13,600,000.

In the circumstances, the accuracy and completeness of statement of comparison of budget and actual amounts.

13. Inaccuracy of Comparative Figures

The statement of financial performance reflects comparative figures which differ with the audited financial statements for prior year resulting to unexplained variances as shown below:

No.	Component	Financial Statement	Note No.	Amount as per the financial statements (Kshs)	Amount as per the audited financial statements for the prior year (Kshs)	Variance (Kshs)
1	Medical/Clinical costs	Statement of financial performance	11	168,747,907	198,910,028	30,162,121
2	Employees costs	Statement of financial performance	12	18,258,380	19,108,380	850,000
3	Facility Improvement Fund (FIF) transfers to County Revenue Fund (CRF)	Statement of financial performance	14	100,597,366	91,685,448	8,911,918
4	Cash and Cash equivalents	Statement of financial position	17	31,113,277	28,704,571.10	2,408,706.50
5	Receivables from exchange transactions	Statement of financial position	18	75,686,454	81,560,870	5,874,416.00

No.	Component	Financial Statement	Note No.	Amount as per the financial statements (Kshs)	Amount as per the audited financial statements for the prior year (Kshs)	Variance (Kshs)
6	Trade and other payables	Statement of financial position	22	60,767,881	58,277,419	2,490,462
7	Accumulated surplus/deficit	Statement of changes in Net Assets		164,493,474	135,990,001	28,503,746
	Capital fund	Statement of changes in Net Assets		0	53,353,863	53,353,863

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.409,200,000 and Kshs.355,765,286 respectively resulting to an under-funding of Kshs.53,434,714 or thirteen percent (13%) of the budget. Similarly, the Hospital incurred expenditure amounting to Kshs.315,760,559 against actual receipts of Kshs.355,765,286 resulting to an under-expenditure of Kshs.40,004,727 or eleven percent (11%) of the receipts.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit reports of the previous year, fifteen (15) issues were raised under the Report on the Financial Statements, Other Matter, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

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

In connection with my audit on the, Hospital 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. Unauthorized Expenditure

The statement of financial performance reflects general expenses totaling Kshs.114,909,205 as disclosed in Note 15 to the financial statements. The amount

includes expenditure totalling Kshs.40,994,200 that exceeded their respective budget amounts of Kshs.32,000,000 resulting in unauthorized expenditure of Kshs.8,994,200 as shown in the table below:

Item	Budget amount (Kshs.)	Expenditure amount as per the financial statements (Kshs.)	Variance (Kshs.)	Approximate percentage (%) of the budgeted amount
Printing and stationery	8,000,000	15,413,164	7,413,164	93%
Electricity	15,000,000	15,931,036	931,036	6%
Water and sewerage charges	9,000,000	9,650,000	650,000	7%
Total	32,000,000	40,994,200	8,994,200	

This was contrary to Regulation 42(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer ensure that public funds entrusted to their care are properly safeguarded and are applied for purpose for only which they were intended and appropriated by the County Assembly.

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

2. Irregular Supply and Delivery of Clinical and Medical Supplies

The statement of financial performance reflects medical and clinical costs amounting to Kshs.186,839,257. The amount includes expenditure amounting to Kshs.57,935,839 incurred on pharmaceutical supplies. Review of procurement documents and ledgers revealed that Management procured medical supplies amounting to Kshs.28,066,010 from local private pharmaceutical through framework agreements. However, no evidence was provided to show that non-supplies notification from Kenya Medical Supplies Agency (KEMSA) confirming that the drugs were out of stock thereby allowing the pharmaceuticals and non-pharmaceuticals sourced from the private pharmaceutical companies. This was contrary to Section 4(3) Health Laws (Amendment) Act, 2019 provides that a public health facility established under the National or County Government shall procure all required medical supplies from the KEMSA.

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

3. Irregular Facility Improvement Fund (FIF) Transfers to County Revenue Fund (CRF)

The statement of financial performance and as disclosed in Note 6 to the financial statements reflect FIF transfer to the County Government amounting to Kshs.29,101,952 contrary to Section 5 (1) of the Facility Improvement Financing (FIF) Act, 2023 which states that there shall be retention of all monies raised or received by or on behalf of all public health facilities and that there shall be opened a facility improvement financing

account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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

4. Encroachment on Hospital Land

The Hospital was allocated 8.10 Hectares equivalent of 20 Acres with effect from 1 March, 1999 as per certificate of lease for 99 years of 24 February, 1999. However, the land has been encroached by private developers. Certificate of Official Search dated 22 February, 2022 revealed that private developers were issued with Certificate of Lease on 24 October, 2012 and the parcels have been used as security for the acquisition of bank loans (Encumbrances). A new Certificate of Lease dated 9 May, 2025 by District Land Registrar indicate that the Hospital's land measures 6.58 Hectares equivalent of 16.26 Acres which differ with 8.10 Hectares allotted earlier resulting to loss of land measuring 1.52 Hectares and equivalent to 3.755 Acres.

Physical verification carried out on 3 July, 2025, revealed that the whole of the Hospital land is not fenced therefore not secured and no efforts had been made by the Management to recover the encroached land.

In the circumstances, the Hospital land measuring 1.52 Hectares and equivalent to 3.755 Acres has not been applied for the intended purpose.

5. Failure to Appoint Hospital Management Committee

As previously reported, the Hospital operated without a Hospital Management Committee. This was contrary to Section 9 (1) of the Kericho County Health Services Act, 2021 provides that the Hospital Committee shall consist of nine members appointed by the County Executive Committee Member with the approval of the County Assembly.

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

6. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Review of the records in the hospital and analysis of healthcare staffing, interviews with Management and physical verifications of medical equipment's available at the facility revealed that although the Hospital was issued with a license to operate as a referral hospital by the Medical Practitioners and Dentists Board on 21 August 2017, it did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits as shown in the table below:

STAFFING REQUIREMENT	Requirement	Actual	Variance
Medical Officers	50	12	36
Anesthesiologists	7	2	5
General Surgeons	4	3	1
Gynecologists	4	4	0
Pediatricians	4	2	2
Radiologists	4	2	2

STAFFING REQUIREMENT	Requirement	Actual	Variance
Registered Community Health Nurses	250	147	89
Total	323	172	135

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

Services Deficits (Equipment and machines Deficit)					Remarks
Equipment Requirements	Level 5 Hospital standard	Actuals in the Hospital	Variations	Percentage %	
Beds	500	270	230	46	
Newborn Unit Incubators	10	6	4	40	Two (2) are functional
Newborn Unit Cots	10	0	10	100	
Functional ICU Beds	12	4	8	67	
High Dependency Unit (HDU) Beds	12	2	10	83	
Renal Unit with atleast 5 Dialysis Machines	5	4	1	20	Four (4) functional dialysis machines. Four (4) are Obsolete. Not recorded in the Asset Register
Seven Functional Operational Theatres - Maternity and General	7	3	4	57	
Total	556	289	267	48	

These deficiencies contravene the First Schedule of Health Act, 2017 and hence implies that accessing highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43 (1) of the Constitution of Kenya, 2010 may not be achieved. Further this circumstance contravened the Kenya Quality Model for Health Policy Guidelines and hindered the realization of the government program on Universal Health Coverage (UHC).

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

During the year under review, the Hospital did not have a risk management policy in place. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 that provides that the County Government entity shall develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of internal controls and risk management of the hospital during the year under review could not be confirmed.

2. Failure to Operationalize the Internal Audit Function

During the year, the hospital had no internal audit function in place and continued to rely on the County Government's internal audit department. However, the County Government's internal audit did not provide an audit plan for the hospital nor did it produce audit reports showing outcomes of audits performed during the financial year 2024/2025. In addition, no audit committee minutes were available for the hospital for this year.

In the circumstances, the effectiveness of internal controls and risk management of the Hospital during the year under review could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Hospital 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

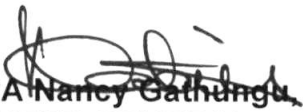
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable 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

16 December, 2025

Appendix I

Unresolved Prior Year Audit Matters

Number	Financial Year	Issue
		Qualified Opinion
1	2023/2024	Inaccuracies in the statement of Changes in Net Assets
2	2023/2024	Inaccuracies in the statement of Cash flows
3	2023/2024	Unsupported Revenue from rendering of services
4	2023/2024	Unsupported waivers and exemptions amount
5	2023/2024	Non-disclosures of Employee Costs Paid by the County Government
6	2023/2024	Unsupported receivables from Exchange transactions
7	2023/2024	Undisclosed Intangible Assets
8	2023/2024	Unsupported Property, Plant and Equipment Balance
9	2023/2024	Unresolved Prior year Matters
10	2023/2024	Deficiency in Implementation of Universal Health Coverage
11	2023/2024	Failure to appoint a Hospital Management Committe
12	2023/2024	Non-compliance with Public Sector Accounting Standards Board Requirements
13	2023/2024	Lack of Internal Audit Function
14	2023/2024	Lack of policies and manuals
15	2023/2024	Lack of creditors policy

*Kericho County Referral Level 5 Hospital (Kericho County Government)
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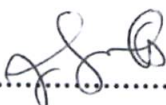
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	29,101,952.00	90,835,448.00
In-kind contributions from the County Government	7	12,738,920.00	18,258,380.00
AIE Funding Receivable			
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
		41,840,872.00	109,093,828.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	306,715,534.00	336,293,554.50
Receivables- Rendering of services			
Waivers and Exemptions			
Revenue from rent of facilities			
Finance /Interest Income			
Miscellaneous Income			
Revenue from exchange transactions		306,715,534.00	336,293,554.50
Total revenue		348,556,406.00	445,387,382.50
Expenses			
Medical/Clinical costs	11	186,839,257.00	168,747,907.30
Employee costs	12	12,738,920.00	18,258,380.00
Board of Management Expenses			
Depreciation and amortization expense			
Repairs and maintenance	13	7,972,519.00	1,259,946.00
FIF Transfers to CRF	14	29,101,952.00	91,685,448.00
Grants and subsidies			
General expenses	15	114,909,205.50	93,189,282.00
Finance costs			
Total expenses		351,561,853.50	373,140,963.00

Kericho County Referral Level 5 Hospital (Kericho County Government)
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Description	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets			
Unrealized gain on fair value of investments			
Medical services contracts Gains/Losses	16	(4,450,166.00)	(13,359,421.00)
Impairment loss			
Gain on foreign exchange transactions			
Total other gains/(losses)		(4,450,166.00)	(13,359,421.00)
Net Surplus / (Deficit) for the year		(7,455,613.50)	(58,886,998.20)

The Hospital's financial statements were approved by the Board on 25/6/2025 and signed on its behalf by:



Chief Officer
Health Services



Head of Finance
ICPAK No: 16951



Medical Superintendent

*Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	36,018,090.10	31,113,277.60
Prepayments			
Receivables from exchange transactions	18	63,624,396.00	75,686,454.00
Receivables from non-exchange transactions	19		5,874,416.00
Inventories	20	12,586,735.60	17,036,901.00
Total Current Assets		112,229,221.70	129,711,048.60
Non-current assets			
Property, plant, and equipment	21	99,736,944.00	95,750,307.00
Intangible assets			
Investment property			
Biological Assets			
Total Non-current Assets		99,736,944.00	95,750,307.00
Total assets (A)		211,966,165.70	225,461,355.60
Liabilities			
Current liabilities			
Trade and other payables	22	54,728,305.00	60,767,881.40
Refundable deposits from Patients/Prepayments			
Provisions			
Finance lease obligation			
Current portion of deferred income			
Current portion of borrowings			
Total Current Liabilities		54,728,305.00	60,767,881.40
Non-current liabilities			
Provisions			
Non-Current Finance lease obligation			
Non-Current portion of deferred income			
Non - Current portion of borrowings			
Service concession Arrangements			


Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Total non-current liabilities			
Total Liabilities (B)		54,728,305.00	60,767,881.40
Net assets (A-B)		<u>157,237,860.70</u>	<u>164,693,474.20</u>
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		157,237,860.70	164,693,474.20
Capital Fund			
Net Assets		<u>157,237,860.70</u>	<u>164,693,474.20</u>

The Hospital's financial statements were approved by the Board on 25/8/2025 and signed on its behalf by:



Chief Officer
Health Services



Head of Finance
ICPAK No: 16851



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 (previous year)		105,806,476.00	36,721,695.60	142,528,171.60
Prior Year Adjustment			-36,721,695.60	-36,721,695.60
Revaluation gain	-	-	-	
Surplus/(deficit) for the year	-	58,886,998.20	-	58,886,998.20
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	164,693,474.20	0.00	164,693,474.20
At July 1, 2024 (current year)	-	164,693,474.20	0.00	164,693,474.20
Revaluation gain	-	-	-	
Surplus/(deficit) for the year	-	-7,455,613.50	-	-7,455,613.50
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	157,237,860.70	-	157,237,860.70

*Kericho County Referral Level 5 Hospital (Kericho 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	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		34,976,368.00	90,835,448.00
Receipt in Expenditure Account			
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Receivables- Rendering of services AIE			8,911,918.00
Rendering of services- Medical Service Income		318,777,592.00	260,607,094.50
Revenue from rent of facilities			
Finance / interest income			
Miscellaneous receipts			
Total Receipts		353,753,960.00	360,354,460.50
Payments			
Medical/Clinical costs		195,968,254.00	139,730,641.00
Employee costs			742,741.00
Board of Management Expenses			
Repairs and maintenance		6,004,877.00	1,259,946.00
Grants and subsidies			
FIF Transfer to CRF		29,101,952.00	100,597,366.00
FIF Transfer to Expenditure Account			
General expenses		113,787,427.50	90,376,207.00
Finance costs			
Refunds paid out			
Total Payments		344,862,510.50	332,706,901.00
Net cash flows from operating activities	43	8,891,449.50	27,647,559.50
Cash flows from investing activities			
Purchase of property, plant, equipment		(3,986,637.00)	
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
Net cash flows used in investing activities			

Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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		4,904,812.50	
Cash and cash equivalents as at 1 July	18	31,113,277.60	1,057,011.60
Cash and cash equivalents as at 30 June	18	36,018,090.10	31,113,277.60

Kericho County Referral Level 5 Hospital (Kericho County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	31,113,277.60	-	%
Receipts						
Transfers from the County Government				5,874,416.00		%
Payment of Contractual Personnel Salaries	-	-	-			%
Grants from donors and development partners						%
Transfers from other Government entities						%
Public contributions and donations						%
Rendering of services- Medical Service Income	409,200,000.00	0	409,200,000.00	318,777,592.00	89,230,508.00	78.19%
Revenue from rent of facilities						%
Finance / interest income						%
Miscellaneous receipts (<i>specify</i>)						%
Total receipts				355,765,285.60		%
Payments						
Medical/Clinical costs	245,000,000.00	0	245,000,000.00	195,968,254.00	49,031,746.00	79.99%
Employee costs						%
Remuneration of directors						%
Repairs and maintenance	10,000,000.00	0	10,000,000.00	6,004,877.00	3,995,123.00	60.05%
Grants and subsidies						%
General expenses	155,091,620.00	0	155,091,620.00	113,787,427.50	40,112,292.50	74.14%
Finance costs						%
Refunds						%
Total Operational Expenditure paid				315,760,558.50		
Capital Expenditure paid	4,000,000.00			3,986,637.00		%
Surplus				36,018,090.10		%

:
Budget Reconciliation

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

19. Notes to the Financial Statements

1. General Information

Kericho County Referral Hospital entity is established by and derives its authority and accountability from Parliament Act. The entity is wholly owned by the Kericho County Government and is domiciled in Kericho County in Kenya. The entity's principal activity is providing health services.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

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Standard	Effective date and impact:
Equipment	<p>assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48-	<p><i>Applicable 1st January 2026</i></p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

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

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Unconditional grants		
Operational grant	29,101,952.00	84,961,032.00
Level 4/5 grants		
Receivables AIE		5,874,416.00
Unconditional development grants		
Other grants (<i>specify</i>)		
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	29,101,952.00	90,835,448.00

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kericho County Government	29,101,952.00				
Total	29,101,952.00				

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/25	FY 2024/25
	KShs	KShs
Salaries and wages	12,738,920.00	18,258,380.00
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
Total grants in kind	12,738,920.00	18,258,380.00

8. Rendering of Services-Medical Service Income

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
LABORATORY	28,397,264.00	
XRAY	14,892,800.00	
INPATIENT WARDS	8,657,550.00	
PHARMACY	6,432,091.10	
INPATIENT PHARMACY	5,741,932.00	
MORTUARY	3,015,000.00	
WARD5	2,924,474.00	
WARD6	2,597,756.00	
NON-PHARMACEUTICALS	2,234,092.00	
WARD4	1,991,841.00	
DENTAL	1,884,700.00	
WARD2	1,653,266.00	
EYE CLINIC	1,374,000.00	
THEATRE	1,364,101.00	
LAUNDRY	1,332,579.00	
WARD 7	1,103,900.00	
RENAL UNIT DEP	1,017,600.00	
ATTACHMENT	989,000.00	
OUT PATIENT	944,000.00	
RECORDS	797,758.00	
E.N.T	768,600.00	
EYE THEATRE	748,000.00	

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LABOUR WARD	682,758.00	
PLASTER DEPARTMENT	635,390.00	
PUBLIC HEALTH	555,800.00	
ICU	537,520.00	
WARD3	460,580.00	
CASUALTY LABORATORY	430,200.00	
CLINICS	419,900.00	
CASUALTY SERVICES	357,810.00	
PHYSIOTHERAPY	346,200.00	
CASUALTY PHARMACY	326,207.00	
NURSERY WARD	305,530.00	
MARTENITY WARD	166,047.00	
HAART	154,200.00	
MCH/FP SERVICES	109,720.00	
ORTHOPAEDIC TECHNOLOGY	37,800.00	
OCCUPATIONAL THERAPY	26,650.00	
NUTRITION DEPARTMENT	24,600.00	
OPTICAL SHOP	6,000.00	
R.F. PHARMACY	2,235.00	
CCC PHARMACY	950.00	
WARD 1 (EYE)	750.00	
SHA/NHIF CLAIMS	210,266,383.00	160,009,734.50
FINLAYS		130,189.00
Total revenue from the rendering of services	306,715,534.00	336,293,548.50

Notes to the Financial Statements (Continued)

9. Receivables - Rendering of services

Description	FY 2024/25	FY 2023/24
	KShs	KShs
NHIF Claims		75,686,454.00
SHA Claims	30,578,995.00	
Total Receivable- Rendering of services	30,578,995.00	75,686,454.00

10. Waivers and Exemptions

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Exemptions	181,395.00	
Waivers	4,268,771.00	13,359,421.00
Total finance income	4,450,166.00	13,359,421.00

11. Medical/ Clinical Costs

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents		27,177,274.30
Public health activities		
Food and Ration		
Uniform, clothing, and linen		1,573,400.00
Dressing and Non-Pharmaceuticals		91,045,213.00
Pharmaceutical supplies		71,904,538.00
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials		
Purchase of Medical gases		
X-Ray/Radiology supplies		7,209,603.00
Other medical related clinical costs		
Total medical/ clinical costs	186,839,257.00	168,747,907.30

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12. Employee Costs

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Salaries, wages, and allowances	12,738,920.00	18,258,380.00
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs		
Employee costs	12,738,920.00	18,258,380.00

13. Repairs And Maintenance

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Property- Buildings		
Medical equipment	7,972,519.00	1,259,946.00
Office equipment		
Furniture and fittings		
Computers and accessories		
Motor vehicle expenses		
Maintenance of civil works		
Total repairs and maintenance	7,972,519.00	1,259,946.00

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Notes to the Financial Statements (Continued)

14. FIF Transfers to CRF

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
FIF Transfer to CRF	29,101,952.00	100,597,366.00
Total FIF Transfers to CRF	29,101,952.00	91,685,448.00

15. General Expenses

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses		30,896,014.00
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges		236,793.00
Conferences and delegations		
Consultancy fees		
Contracted services		13,326,300.00
Electricity expenses		13,500,000.00
Fuel and Lubricants		4,341,124.00
Insurance		
Research and development expenses		
Travel and accommodation allowance		3,051,000.00
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery		2,813,075.00
Hire charges		
Rent expenses		
Water and sewerage costs		6,763,244.00
Skills development levies		
Telephone and mobile phone services		300,000.00
Internet expenses		
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		

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Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Library books/Materials		
Parking charges		
Total General Expenses	114,909,205.50	93,189,282.00

16. Medical Services Contracts Gains /Losses

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	4,450,166.00	13,359,421.00
Total Gain/Loss	4,450,166.00	13,359,421.00

17. Cash And Cash Equivalents

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Current accounts 1153047764	32,389,140.10	31,113,277.60
Current accounts 1336302720	3,628,950.00	-
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	36,018,090.10	31,113,277.60

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Notes to the Financial Statements (Continued)

(b). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024/25	FY 2023/24
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1153047764	32,389,140.10	31,113,277.60
Kenya Commercial bank	1336302720	3,628,950.00	-
Equity Bank, etc			
Sub- total		36,018,090.10	31,113,277.60
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Bank Name			
Sub- total			
d) Others(specify)			
cash in hand			
Mobile money- Mpesa, Airtel money			
Sub- total			
Grand total		36,018,090.10	31,113,277.60

18. Receivables From Exchange Transactions

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Medical services receivables	63,624,396.00	75,686,454.00
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
Total receivables	63,624,396.00	75,686,454.00

Analysis of Receivables From Exchange Transactions

Description	FY 2024/25		FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

19. Receivables From Non-Exchange Transactions

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Transfers from the County Government		5,874,416.00
Undisbursed donor funds		
Other debtors (<i>non-exchange transactions</i>)		
Less: impairment allowance		
Total		5,874,416.00

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024/25		FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (a+b)		%		%

20. Inventories

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Pharmaceutical supplies		
Maintenance supplies		
Food supplies		
Linen and clothing supplies		
Cleaning materials supplies		
General supplies		
Less: provision for impairment of stocks		
Total	12,586,735.60	17,036,901.00

Detailed disclosure on inventories

	FY 2024/25	FY 2023/24
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	1,601,208.00	80,590,000.00	-	7,090,750.00	4,575,813.00	1,892,536.00	-	-	95,750,307.00
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
At 30th Jun 2024	1,601,208.00	80,590,000.00	-	7,090,750.00	4,575,813.00	1,892,536.00	-	-	95,750,307.00
At 1 July 2024 (current year)	1,601,208.00	80,590,000.00	-	7,090,750.00	4,575,813.00	1,892,536.00	-	-	95,750,307.00
Additions						3,986,637.00			
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
At 30th Jun 2025	1,601,208.00	80,590,000.00		7,090,750.00	4,575,813.00	5,879,173.00		-	99,736,944.00
Depreciation and impairment									
At 1 July 2023 (previous year)								-	

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

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Notes to the Financial Statements (Continued)

22. Trade and other Payables

Description	FY 2024/25		FY 2023/24	
	KShs		KShs	
Trade payables	54,728,305.00		60,767,881.40	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	54,728,305.00		60,767,881.40	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2024/2025	% of the total
Under one year	54,728,305.00	87%	5	%
1-2 years		13%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

23. Cash Generated from Operations

Description	FY 2024/25		FY 2023/24	
	KShs		KShs	
Surplus for the year before tax	36,018,090.10		31,113,277.60	
Adjusted for:				
Depreciation				
Non-cash grants received				
Impairment				
Gains and losses on disposal of assets				
Contribution to provisions				
Contribution to impairment allowance				
Working Capital adjustments				
Increase in inventory				
Increase in receivables				
Increase in deferred income				
Increase in payables				
Increase in payments received in advance				
Net cash flow from operating activities	36,018,090.10		31,113,277.60	

Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023 (previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				
At 30 June 2024 (current year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
Total				

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Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%		
USD	10%		
20XX (current year)			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

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

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
Total funds		
Total borrowings		
Less: cash and bank balances		
Net debt/ (<i>excess cash and cash equivalents</i>)		
Gearing		

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Notes to the Financial Statements (Continued)

25. Related Party Balances

Nature of related party relationships

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

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

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

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx		
Sales of services to xxx		
Total		
b) Grants from the Government		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
Total		
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		

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Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
Total		

26. Segment Information

27. Contingent Liabilities

Contingent liabilities	FY 2024/25	FY 2023/24
	Kshs	Kshs
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
Total		

28. Capital Commitments

Capital Commitments	FY 2024/25	FY 2023/24
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total		

29. Events after the Reporting Period

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

30. Ultimate and Holding Entity

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

31. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:

Guidance Notes:

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



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Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity. Kericho County Government

Name of Beneficiary entity. Kericho County Level 5 Hospital

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	15/10/2024	29,101,952.00		29,101,952.00	
Total		29,101,952.00		29,101,952.00	

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

Head of Accounts Department - Disbursing Entity:
Name Sign Date

Head of Accounts Department - Beneficiary Entity:
Name Lameera Koch Sign [Signature] Date 27/8/2025

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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