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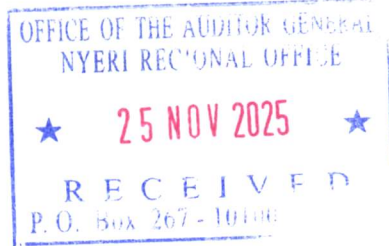
ON

MARAGUA SUB COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MURANG'A

12/12



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# **MARAGUA SUB COUNTY LEVEL 4 HOSPITAL (Murang'a County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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**1. Acronyms & Glossary of Terms**

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

CSR Corporate Social Responsibility

OSHA Occupational Health & Safety Act

PFMA Public Financial Management Act

MED SUP Medical Superintendent

HMIS Health Management Information System

Fiduciary Management Key management personnel who have financial responsibility in the entity.

## 1 Key Entity Information and Management

### (a) Background information

Maragua sub county Hospital is a level 4 hospital established under gazette notice and is domiciled in Murang'a County under the Health Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide high quality health care services which are accessible, cost effective, equitable and sustainable to all Kenyans

#### **Vision**

To be a healthy, productive and nationally competitive county.

#### **Mission**

To deliberately build a progressive and sustainable technologically driven evidence based and client centered health system for accelerated attainment of the highest standard of health for all citizens of Murang'a county.

#### **Goal**

Better health in a responsive manner

### (c) Key Management

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

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

### (d) Fiduciary Management

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

| SN | Designation               | Name                                |
|----|---------------------------|-------------------------------------|
| 1. | Medical Superintendent    | <b>Dr. Stephen Karangau Wachira</b> |
| 2. | Hospital Administrator    | <b>Lisper Munjiru Njoroge</b>       |
| 3. | Head of supply chain      | <b>Margaret Wanjiku Macharia</b>    |
| 4. | Nursing Officer In charge | <b>Winnie Wambui Gathuma</b>        |
| 5. | Hospital Accountant       | <b>Grace Akinyi Aluoch</b>          |

**(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- County health management team

**(f) Maragua Sub County Level 4 Hospital Headquarters**

P.O. Box 72-10200  
MARAGUA, KENYA

**(g) Maragua Sub County Level 4 Hospital Contacts**

Telephone: (+254) 712168203  
E-mail: maraguahospital@gmail.com

**(h) Entity Bankers**

Kenya commercial Bank  
P.O. Box 92 – 10200  
Murang'a Branch

**(i) Independent Auditors**

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





**(j) Principal Legal Adviser**

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





**(k) County Attorney**

P.O. Box. 52-10200  
Murang'a, Kenya

**2. The Board of Management**




| Ref | Directors   | Details   |
|-----|---|---|
| 1.  | <p>Moses Mungai Mathia</p>       | <p>Independent Board Member<br/>Board Chairperson<br/>Diploma in Psychology</p>           |
| 2.  | <p>Cecilia Wanjiku Thuku</p>    | <p>Independent Board Member<br/>Diploma in Education</p>                                  |
| 3.  | <p>Damaris Muthoni Irungu</p>  | <p>Independent Board Member<br/>Presentative of PWD.<br/>Business Lady</p>                |
| 4.  | <p>John Waweru kihuria</p>     | <p>Independent Board Member<br/>Certificate in Information Technology<br/>I.T Officer</p> |

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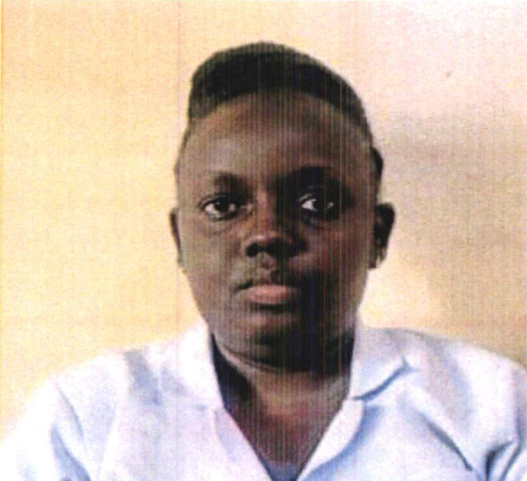
|     |   |   |
|-----|---|---|
| 5.  | <p>Dr. Stephen Karangau Wachira</p>  | <p>Executive Board Member<br/>         Medical Superintendent<br/>         Obstetrician &amp; Gynaecologist<br/>         Masters of Medicine in Obstetrics &amp; Gynaecology<br/>         Diploma in Sexual &amp; Reproductive Health<br/>         Bachelor of Medicine &amp; Surgery</p> |
| 6.  | <p>Lisper Munjiru Njoroge</p>        | <p>Independent Board Member<br/>         Hospital Administrator.<br/>         Master of Business Administration (Strategic Management)</p>  |
| 7.. | <p>Johnson Nduati Njoroge</p>      | <p>Independent Board Member.<br/>         Diploma in Education<br/>         Teacher</p>   |
| 8.  | <p>Patrick Macharia</p>            | <p>Independent Board Member<br/>         Diploma in Education</p>   |

*Maragua Sub County Hospital (Murang'a County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*




**3. Key Management Team**

| Ref | Management  | Details   |
|-----|---|---|
| 1   | <p>Dr. Stephen Karangau Wachira<br/>DOB: 17.04.1987</p>  | <p>Medical Superintendent<br/>Obstetrician &amp; Gynaecologist<br/>Masters of Medicine in<br/>Obstetrics &amp; Gynaecology<br/>Diploma in Sexual &amp;<br/>Reproductive Health<br/>Bachelor of Medicine &amp;<br/>Surgery</p> |
| 2.  | <p>Lisper Munjiru Njoroge<br/>DOB: 14.07.1992</p>       | <p>Hospital Administrator.<br/>Master of Business<br/>Administration (Strategic<br/>Management)<br/>Bachelor of Commerce-<br/>Human Resource<br/>Management)<br/>Certified Human Resource<br/>Professional(CHRP)</p>          |
| 3.  | <p>Winnie Wambui Gathuma<br/>D.O.B: 10.10.1984</p>     | <p>Nursing Services Manager<br/>BSC in Nursing</p>  |




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|    |  |  |
|----|--|--|
| 4  | <p>Margaret Macharia<br/>DOB: 24.12.1966</p>            | <p>Head of supply chain<br/>Diploma in Supply Chain Management</p>       |
| 5  | <p>Dr. Kelvin Ng'ang'a Mutura<br/>DOB: 25.08.1988</p>  | <p>Head Pharmacy<br/>Bachelor of pharmacy</p>                            |
| 6. | <p>Faith Nduta Kung'u<br/>DOB: 12.06.1987</p>         | <p>Head of Nutrition Services<br/>BSC Food Nutrition &amp; Dietetics</p> |

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|    |  |  |
|----|--|--|
| 7. | <p>Solomon Gakure<br/>DOB: 20.07.1989</p>         | <p>Head of Radiology<br/>Bachelor in Radiology</p>   |
| 8. | <p>Francis Kirugu Kibe<br/>DOB: 17.11.1989</p>  | <p>Head of Health Information management.<br/>Diploma in Health Records and Information Management</p> |
| 9. | <p>James Mburu Mwangi<br/>DOB: 12.10.1986</p>   | <p>Head Laboratory Services<br/>Bachelor in Medical Lab Sciences</p>                                   |

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|     |  |  |
|-----|--|--|
| 10. | <p>Hellen Wairimu Wanjiru<br/>         DOB: 27.04.1984</p>  | <p>Head Clinical Services<br/>         BSC Clinical medicine &amp;<br/>         comm Health<br/>         Hnd reproductive health</p> |
| 11. | <p>Grace Akinyi Aluoch</p>                                 | <p>Accounting Services<br/>         Accounting Services<br/>         ICPAK<br/>         B.COM Accounting</p>                         |
| 12  | <p>RACHAEL WANJA</p>                                      | <p>ICT Manager<br/>         Bachelor of Business<br/>         Information Technology</p>   |

## **6. Chairman's Statement.**

Maragua Sub County Hospital formerly Maragua District Hospital has been in existence for a long time offering medical services as well as rural rotation for students. This is no minor achievement owing to the complexity, turbulence, and uncertainty in the operating environment. The Hospital's resilience in the face of immense adversities in the provision of healthcare services is an indicator of what staff commitment and leadership support can achieve.

During the year under review, the Hospital registered commendable milestones. In the financial year 2024/25, the Hospital strengthened its resolve towards delivering its mandate by reconfiguring its processes and procedures to offer better care. This strategy has created a platform for institutionalizing values of customer focus, accountability and transparency, Equity and equality, Professionalism and integrity, Security, and safety and most importantly teamwork and team spirit throughout provision of services.

The Hospital has developed deliberate strategies aimed at achieving improved health outcomes by laying focus on improving service delivery, strengthening leadership and governance and strengthening health information system. This is in line with the Governor's agenda of strengthening the provision of specialized healthcare services to Kenyans.

The Board of Management has put in place structures geared towards building an excellent and effective team. Behavioural, governance and technical competencies have been created to spur dynamism, future proofing and high performance. In addition, the Hospital has made immense progress in setting up procedures, processes, policies and structures of the Hospital. Transparency and accountability remain the hallmark of the Board, which continues to strengthen its institutional governance through capacity building and corporate reporting, among other measures. The Hospital Board is also alive to the dynamic policy and regulatory environment in which it operates and is constantly engaging with stakeholders to ensure that the environment remains favourable to the best interest of the patient's seeking services in the facility.

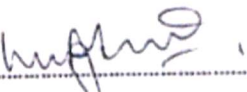
Our main focus is the delivery of quality healthcare services to the satisfaction of the patient who visits the hospital with hope of improved health outcome. Huge strides have been made towards realizing our promise on provision of quality healthcare services that meet and exceed patient expectations in line with government Health Agenda of enhancing access, affordability and quality of care. We are greatly indebted to our staff and suppliers who have worked tirelessly in ensuring continuity in service delivery. Maragua Sub County has created emphasis on partnerships with a focus on sharing of knowledge, expertise, human resources, and other resources in pursuit of common goals.

In the FY 2024/25, the Hospital posted a strong positive performance in the execution of its mandate. The evaluated Performance exhibited an increase in patient confidence in the service

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delivery; increased number of specialized services and patient visits distributed across the varied specialist disciplines in the Hospital.



.....

**Name: Moses Mungai Mahia**  
**Chairman to the Board**

## **7. Report of The Medical Superintendent.**

Over the years, Maragua Sub County Hospital has made enormous strides towards provision of quality healthcare services in Murang'a and beyond and be an institution bolstered on efficient, affordable healthcare provision with integrity and adoption of best practices.

In terms of healthcare services, the following have been available over the years and continue to be improves:

- General outpatient and emergency services
- Mother and Child health clinic offering Family planning, Antenatal care, post-natal care, integrated child growth monitoring and immunization
- Specialised outpatient clinics: Obstetrics & Gynaecology, General Surgery, Internal medicine, Paediatrics, General Surgery, Orthopaedics & Trauma, E.N.T, dermatology, Chest clinic and tuberculosis, Comprehensive Care Clinic (CCC), Nutrition and dietetics, Mental Health and Counselling
- Dental services
- Rehabilitative services: physiotherapy, occupational therapy, plaster & orthopaedic trauma services
- Diagnostic laboratory services: class E laboratory
- Diagnostic imaging services: X-ray, Ultrasound services
- Inpatient wards: Maternity (with antenatal, labour and post-natal units), New born unit, Paediatrics, female Surgical & medical wards, Male surgical and medical wards
- Mortuary services

The services are continually being improved and recently the hospital has had several novel services introduced and other key milestones reached during the year 2024/2025 e.g.:

- Introduced dialysis services, a key milestone in service delivery and compliance to its level 4 status.
- General Surgery and Anaesthesia Teams were able to perform surgery on a one-month Year Old baby successfully. This was a huge step to Maragua Sub County Hospital.
- Gynaecology team have held regular laparoscopic (minimally invasive surgery) camps with services extending to general surgery.

**SURGERY ON A ONE MONTH OLD BABY.**



**SUCCESSFUL LAPAROSCOPIC SURGERY.**



- The Hospital also modernised its services through acquisition of several modern devices, notably being:
  - Cardiocotograph (CTG) machine for labour ward
  - Point of Care Ultrasound (POCUS) for labour ward
  - Electrocardiogram (ECG) for casualty, anaesthesia and internal medicine patients

The hospital has also held several successful surgical camps serving over 700 patients. This has been in partnership with VIHDA group that brings in expert doctors and nurses from Spain and Switzerland for both service provision and vital skills transfer to the Kenyan doctors and nurses.

The hospital also serves as a training institution for clinical and rural experience for several institutions in the region and beyond including:

|  |  |   |
|--|--|---|
| The Agha Khan University hospital                  | Catholic University<br>Kenyatta University                           | Imperial College<br>Wellington training college |
| University of Nairobi                              | Kirinyaga University   | Umma university                                 |
| Kenya Medical Training College (Multiple campuses) | AMREF university<br>Mama Ngina University                            | Thika Institute of Business Studies (TIBS)      |
| Murang'a university of technology                  | Nazareth University<br>Zetech University<br>Kiharu technical college | JFC Munene College                              |

This ensures Maragua Hospital is part of shaping the next generation of professionals and also benefits from the latest knowledge and advances

Management wise the hospital has also made several strides including:

- Full automation of clinical services and patient record keeping using the Taifa-care platform from the ministry of health. This is paired with full highspeed internet connectivity for all areas of the hospital
- Installation of solar power supply to reduce reliance on mains grid power and lower power bills.
- Utilisation of FIF funds for several hospital improvement projects including general maintenance and upgrading of hospital facilities.

- The Use of FIF has also helped reduce the hospitals pending bills by over 50%
- The full settlement of pending bills to KEMSA and MEDS have helped streamline the procurement process and commodity security and incidences of stockouts of critical drugs and supplies have been reduced significantly.
- The procurement process has also been fully automated for transparency and efficiency

**MAJOR RISK FACING MARAGUA SUB COUNTY HOSPITAL.**

Key Challenges faced during the financial year have mostly been on high historical pending bills that have consumed much of the hospital budget. Frequent equipment breakdown from the ageing installations in the facility have also interrupted service delivery and also added to the high costs of running the hospital. Staff shortages in several key departments especially affecting doctors, nurses and casual staff have also strained service provision. There were also challenges faced due to the cutting of donor funding particularly in the CCC department.

**PLANNING AND IMPLEMENTATION**

It is the management's belief that while Rome was not built in a day, Maragua Sub County Hospital is firmly on the path to being a compliant institution that delivers on its core mandate of provision of affordable, efficient and high-quality healthcare services.

**COMPLIANCE WITH STATUTORY REQUIREMENTS.**

*Maragua Sub County Hospital, had no non-compliance report during the financial year nor any court case that was pending.*



**DR: STEPHEN KARANGAU WACHIRA**

**Medical Superintendent and Secretary to the**

**Board**

**Maragua Sub County Hospital**

**8. Statement of Performance Against Predetermined Objectives**

| NO. | STRATEGIC OBJECTIVES                                | STRATEGIES                              | ACTIVITIES   | ACHIEVEMENTS |
|-----|---|---|--|--------------|
| 1.  | Establish efficient and effective governance system | Define and rationalize structure        | To have an organogram  | 100%         |
|     |   | Role definition and Job description     | To create awareness for JDs, TOR for all hospital committees | 100%         |
|     |   | Performance appraisal                   | Tracking performance appraisals with feedback                | 80%          |
|     |   |   | Customer feedback through client satisfaction survey         | 80%          |
| 2   | Quality Improvement Services                        | Improved provision of medical equipment | Skills training  | 75%          |
|     |   |   | Procure and maintain essential equipment                     | 75%          |
|     |   |   | Quality assurance monitoring                                 | 70%          |
|     |   | Enhanced patient experience             | Display and observe service charter                          | 100%         |
|     |   |   | Set up client feedback channels                              | 100%         |
|     |   |   | Reduce turnaround time                                       | 70%          |
|     |   |   | Expand scope of services                                     | 80%          |
|     |   | Efficient service delivery              | Hire adequate skilled personnel                              | 75%          |
|     |   |   | Set up policies, guidelines and SOPs                         | 75%          |
|     |   |   | Set up internal and external control system                  | 85%          |
| 3   | Enhanced customer experience                        | Optimize customer experience            | Customer satisfaction survey                                 | 100%         |
|     |   |   | Implement customer feedback mechanism                        | 100%         |
|     |   |   | Display service charter                                      | 100%         |
|     |   |   | Establish a customer care desk                               | 100%         |
|     | Enhance service delivery                            | Audit the charter                       | 75%  |              |
|     |   | Develop a customer navigation algorithm | 60%  |              |
|     |   | Signage                                 | 80%  |              |

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|                               |   |   |   |      |
|-------------------------------|---|---|---|------|
|                               |   | Expand and promote services                 | Upgrade existing services e.g., upgrading departments                           | 80%  |
|                               |   |   | Establish new core services eg ICU  | 100% |
| 4                             | Optimize financial performance          | Increase revenue generation                 | Develop innovative packages   | 100% |
|                               |   |   | Increase client numbers   | 100% |
|                               |   |   | Structured training/ costing  | 80%  |
|                               |   |   | Incentive systems   | 75%  |
|                               |   |   | Costing and charges rationalization   | 80%  |
|                               |   | Minimize revenue leakage                    | Structured waiver policy  | 100% |
|                               |   |   | Networking (automation revenue systems)   | 100% |
|                               |   |   | Set up an incentive system  | 100% |
| Rational utilization of funds | Clear linkage of planning and budgeting | 80%   |   |      |
| 5                             | Learning and research                   | Develop and implement a research fund       | Optimize research funding   | 50%  |
|                               |   | System for research management              | Policies and guidelines for partnership through MOU. E.g., MTC, JKUAT, UON, MKU | 80%  |
|                               |   | Infrastructure for training                 | Set up resource centres.  | 60%  |
|                               |   | Health Information management system (HIMS) | Create Space and set up an ICT centre   | 85%  |
|                               |   | Continuous Medical Education (CMEs)         | Budget for trainings and meetings   | 100% |
|                               |   |   | Adjunct faculty   | 85%  |

## **9. 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 Board of Management, Maragua Sub County Hospital remains steadfast in complying with statutory requirements and the Code of Governance for State Corporations (Mwongozo Code 2015) among others.

### **Board of Directors**

The Board of Management is constituted in accordance with the provisions Chapter 446 of the Laws of Kenya and Legal Notice no. CXXIV of 2022 and is composed of eight members. Constitution of the Board considers diversity in gender, age, and culture. In addition, the current Board of Management has diverse skills and experience in various fields such as Medicine, finance and administration. External specialists and independent professional advisors are consulted when need arises.

### **Appointment of the Board**

The Board of Directors are appointed by the Chief Officer, Department of Health. They each serve for a maximum of two terms of three (3) years. Names of all members and changes thereto are published in the Kenya Gazette.

### **Role of the Chairman**

The Chairman is responsible for the strategic leadership of the board and is pivotal in creating conditions for the overall effectiveness of the board, promotes an open environment for debate and ensures all members are able to speak freely and contribute effectively. He ensures that the Board plays a full and constructive part in the development and determination of the Hospital's strategies and policies. The chairman ensures that board 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.

### **Role of the Board**

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the Board of Management supported by Board Committees and the hospital management team. The Board, through its committees provides strategic direction while the medical superintendent assisted by the Hospital Management Team is accountable to the Board for implementing the strategy. Board members are expected to be responsible, prudent and skillful while carrying out their fiduciary duties on behalf of the Hospital.

The roles and responsibilities of the Board as set out in the Board Charter include:

- i) Establishing the Hospital's strategic direction and priorities, and adopting business plans proposed by management for the achievement of the strategic objectives
- ii) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans
- iii) Providing oversight in financial reporting to the Government and communication to stakeholders
- iv) Ensuring availability of adequate resources for the achievement of the Hospital's objectives
- v) Safeguarding Hospital assets by instituting appropriate internal control systems
  
- vi) Overseeing business affairs of the Hospital in light of emerging risks and opportunities
- vii) Ensuring the Hospital complies with all relevant laws, regulations and codes of best business practices
- viii) Approving annual budgets.

The Board provides oversight to Management and ensures that it operates within the Code of Conduct and Ethics, Leadership Integrity Act, and the “Mwongozo” Code of Governance for State Corporations.

#### **Board work plan and meetings**

A work plan that contains an annual schedule of meetings of the Board and its committees is prepared in advance. The Chairman, in conjunction with the Medical Superintendent and the Hospital Administrator, sets the agenda for each Board meeting which is circulated at least seven days prior to meeting.

#### **Board Committees and Responsibilities**

To enhance efficiency and effectiveness, the Board constituted 4 standing committees with clearly defined terms of reference relating to key areas of operation. The committees operate on delegated authority without diluting the Board’s accountability. Members to the committees are appointed taking into consideration the necessary skills and experience. When deemed necessary, the Board can constitute an ad hoc committee to consider specific issues which are not under the mandate of existing committees. The Medical Superintendent is the secretary to all the Board committees.

#### **The Board Charter**

The charter defines the Board’s roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight functions. It helps the Board in directing the Hospital to maximize the long-term value of service provided for all stakeholders.

The Board manual spells out important governance arrangements including the following:

- i) Appointment, skills requirement, gender mix and capacity development for Board Members;
- ii) Functions and responsibilities of the Board, the Chairman, Medical Superintendent, and the Hospital Administrator;
- iii) Conduct of Board and Committee meetings;
- iv) Directors’ Code of Conduct; and
- v) Terms of reference for all Board Committees.

#### **Evaluation**

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by the Chairman and each Member to the effectiveness of the Board. The Board undertakes regular annual self-assessment to improve its members’ individual and collective performance for continuous growth and sustainability of the Hospital

#### **Training and capacity development**

To ensure that all directors remain informed, continual training and updates based on skills and competency requirements are conducted. A detailed induction program is conducted for newly appointed Directors to enhance their understanding of the nature of the Hospital’s business, performance and strategy. Each year the Board prepares a training calendar where specific training needs are identified and scheduled.

#### **Accountability and audit**

The Board prepares annual financial statements which reflect a true and fair view of the Hospital's financial position as at the end of each fiscal year. The Board of Management ensures that suitable accounting policies supported by reasonable and prudent judgments and estimates are consistently applied. The Board also ensures that financial statements for each financial year are audited.

During the year, the Board ensured that the Hospital maintained proper, reasonable and accurate accounting records showing and explaining the transactions and financial position of the Hospital in compliance with the Public Finance Management Act No.18 of 2012 and the prescribed accounting standards.

The Hospital Financial Statements are audited by the Office of the Auditor-General. The Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya. The Board in furtherance of its duties, ensures that the process, structure and internal controls are maintained and adhered to and has internal risk and audit committee to carry out such functions.

#### **Code of Business Conduct & Ethics**

Maragua Sub County Hospital is committed to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. All Board members and employees of the Hospital are expected to avoid activities and financial interests that could undermine their responsibilities to the Hospital. In addition, the Board applies a Conflict-of-Interest policy. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and excuse himself or herself from the Board for discussion relating to the matter in question, such conflicts are registered.

#### **Transparency and Disclosure**

The Hospital is committed to ensuring that the Government and other stakeholders are provided with full, accurate and timely information about its performance. This is achieved by the distribution of the Hospital's annual report. Periodically, there are press releases announcing other major Hospital developments which are of importance to the public.

#### **Remuneration of Board of Management**

During every Board meeting, members are entitled to a sitting allowance within government set limits for committees.

**10. Management Discussion and Analysis**

**Clinical / operational performance**

| <b>Clinical/operational performance</b> |                                       |                         |                         |                         |
|---|---------------------------------------|-------------------------|-------------------------|-------------------------|
|   |                                       | <b>FY<br/>2024/2025</b> | <b>FY<br/>2023/2024</b> | <b>FY<br/>2022/2023</b> |
| 1                                       | Bed Capacity                          | 152                     | 172                     | 142                     |
| 2                                       | Patient Attendance                    |                         | 72,400                  |                         |
|   | In Patient                            | 8165                    | 6,942                   | 7200                    |
|   | Out Patient                           | 98600                   | 65,458                  | 82630                   |
| 3                                       | Accident & Emergency Attendance       | 1892                    | 2,309                   | 1440                    |
| 4                                       | Specialized Clinic Attendance         | 34212                   | 52,545                  | 12360                   |
| 5                                       | Average Length of Stay For In Patient | 1 Day                   | 8 Days                  | 8 Days                  |
| 6                                       | Bed Capacity Rate                     | 100%                    | 78%                     | 100%                    |
| 7                                       | Mortality Rate                        | 5%                      | 5.3%                    | 12%                     |
| 8                                       | Surgical Theatre Utilization          | 6000                    | 3,248                   | 3000                    |
| 9                                       | Sponsorship & Partnership             | 3                       |                         | 3                       |

**Financial performance that includes: -**

- Revenue sources,  
Cash -Mpesa /USSD

| <b>MONTH</b> | <b>AMOUNT</b>     |
|--------------|-------------------|
| JULY         | 1,523,267         |
| AUGUST       | 1,557,560         |
| SEPTEMBER    | 7,578,959         |
| OCTOBER      | 2,199,005         |
| NOVEMBER     | 2,154,254         |
| DECEMBER     | 1,672,592         |
| JANUARY      | 1,898,924         |
| FEBRUARY     | 3,528,331         |
| MARCH        | 3,354,798         |
| APRIL        | 2,817,985         |
| MAY          | 2,541,984         |
| JUNE         | 2,717,559         |
| <b>TOTAL</b> | <b>33,545,218</b> |

**SHA Revenue**

|                             |                   |
|-----------------------------|-------------------|
| Approved For Payment        | 17,235,939        |
| Invoiced/Paid               | 26,468,393        |
| <b>SUB TOTAL SHA CLAIMS</b> | <b>43,704,332</b> |

**UTILIZATION OF FUNDS FY 2024/2025**

|    | <b>ITEMS</b>             | <b>AMOUNT</b>     |
|----|--------------------------|-------------------|
| 1  | Fuels                    | 3,046,065         |
| 2  | Cooking Gas              | 1,251,000         |
| 3  | Printing & Stationery    | 2,949,930         |
| 4  | Repairs                  | 1,018,586         |
| 5  | Electricity              | 800,000           |
| 6  | Bank Charges             | 16,788            |
| 7  | Food & Rations           | 5,946,910         |
| 8  | Water                    | 2,040,000         |
| 9  | Non-Pharms               | 32,050,877        |
| 10 | Pharms                   | 11,333,928        |
| 11 | Domestic Travel          | 249,800           |
| 12 | Interns Upkeep           | 348,150           |
| 13 | Detergents               | 413,600           |
| 14 | Lab Reagents             | 5,266,389         |
| 15 | Board                    | 228,000           |
| 16 | Oxygen                   | 3,608,400         |
| 17 | Medical Equipment        | 576,500           |
| 18 | Imprest                  | 944,800           |
| 19 | Refunds and depreciation | 2,144,926         |
| 20 | Tax                      | 172,122           |
|    | <b>TOTAL</b>             | <b>74,406,771</b> |

***FINANCIAL PERFORMANCE.***

There was major increase in revenue collection. This was due to the country wide introduction to SHA insurance scheme. The general overview there was increase in revenue collection revealing that financial performance was commendable. But there is room for improvement.

The Hospital has been complying with the set policies, procedures and processes in order to reduce hazards and ensure professionalism, code of ethics and integrity are observed.



NAME: Dr. Stephen Karangau Wachira  
**MEDICAL SUPERINTENDANT.**

## **11. Environmental And Sustainability Reporting**

### *i) Sustainability strategy and profile*

The primary mandate of Maragua District Hospital aligned with Murang'a County Department of Health is to deliver equitable, affordable, high-quality primary and referral health services to the local populace. Its core commitment includes safe maternity and newborn care, emergency response, outpatient and inpatient services, diagnostics, and disease control initiatives. To ensure sustainability—the facility's ability to maintain uninterrupted service delivery over the long term—the institution, under the stewardship of the County Health Management Team and the Chief Officer, adopts a multi-pronged strategy:

- i. Diversified domestic revenue mobilization;
- ii. Strengthened public–private partnerships through collaborations with NGOs and private-sector actors to bridge funding or logistics gaps;
- iii. Institutional resilience building through leadership training, institutionalizing improvement projects and embedding a culture of continual coaching and stakeholder buy-in to mitigate staff turnover or political transitions;
- iv. Climate-smart infrastructure upgrades, including adoption of clean-energy solutions, emergency backup systems, and resource-efficient facility design.

### *ii) Environmental performance*

Maragua Sub County Hospital is guided by a robust legal and regulatory framework covering healthcare waste, environmental protection, and injection safety. In practice, successes include clear waste segregation and staff awareness. However, gaps persist in infrastructure (especially stalled incinerator), PPE supply, compliance with new data reporting systems and efforts to reduce environmental impact beyond waste management. Biodiversity protection remains an unaddressed dimension at facility level. To strengthen performance, hospitals intend to:

- Upgrade to cleaner waste technologies (e.g. autoclaves, hydro-claves);
- Formalize a facility-specific environmental policy including biodiversity protection;
- Improve data capture into national waste systems; and
- Invest in staff training and procurement for increased waste infrastructure and protective equipment.

### *iii) Employee welfare*

Recruitment in Murang'a County Government is done by the County Public Service Board (CPSB) pursuant to Article 10, Article 27, Article 56, Article 232 (1)(h) of the Constitution of Kenya, County Government Act of 2012, employment Act among other relevant legislations which promote Ethnic diversity and Anti-discrimination.

Maragua Sub County Hospital holds continuous education/training to enhance capacity building and skills development for the employees. The Murang'a County Executive facilitates long and short courses for

employees (Human Resource Policy and Procedures Manual (2016). Performance Management, rewards and Sanctions are done quarterly using prescribed forms by the Directorate of Performance Management. Pursuant to section 44 of the Occupational Safety and Health Act, 2007, Maragua Sub County Hospital is registered with the Directorate of Occupational Safety & Health service (DOSHS) with annual renewal and also conducted annual self-assessment (DOSH 21B). To reduce work place injuries, Maragua Sub County Hospital has conducted two safety trainings on proper equipment handling, first aid and PPE use with the help of the Directorate of disaster management, implemented safety policies and procedures and established Standard Operating Procedures (SOP) for hazardous tasks.

*iv) Market place practices-*

*a) Responsible competition practice.*

Maragua Sub County Hospital has displayed the service charter in all service points within the facility. All services are automated via HMIS -AFYAKE and all payments done via a cashless payment system (\*267#). The facility with the help of the Department of Public Service and Administration conducted one training on Anti-Corruption and Economic Crimes Act (2003), Public Officer Ethics Act (2003) and the Leadership and Integrity Act (2012) to various managers and also during the induction of new employees.

All procurement plans, tender notices, awards, and contracts are published proactively in the Murang'a County E-procurement System. Maragua Sub County Hospital has established quality improvement teams, conducted regular clinical audits and actively engages in feedback loops with patients and staff to maintain a standard based and trusted facility.

*b) Responsible Supply chain and supplier relations*

Our Procurement team under the assistance of the Director procurement oversees Contract execution, ensure delivery of goods/services and ensure the procuring Maragua Sub County Hospital meets all payment and other contractual obligations in due time and in accordance with availability of funds. The procurement officers and inspection committees ensure delivered goods/services meet contractual quality and quantities before acceptance, enabling accurate invoice certification and payment. Subject to availability of funds Maragua Sub County Hospital endeavours to make prompt payments within 90 days from invoice receipt once goods/services are certified.

*c) Responsible marketing and advertisement*

Being a public facility, no advertisement are done.

*d) Product stewardship*

Pursuant to the Health Act (2017), all our patients are guaranteed:

- Informed consent: Providers must explain diagnosis, treatments, costs, risks, and alternatives in language the patient understands, except during emergencies.
- Right to confidentiality: Medical information is protected, only shared with consent, court order, or if public health demands it.
- Right to emergency care: Maragua Sub County Hospital provides stabilizing emergency treatment—even if payment isn't available.
- Formal complaints process.

v) *Corporate Social Responsibility / Community Engagements*

i) **FREE MEDICAL CAMP**

- **Medical camp at Maragua Sub-County Hospital:** Organized by Murang'a County Government in September and December 2024, this outreach provided free services including general health checks, screenings, and treatments, reaching over 1,000 residents.
- **Hearing camp at Maragua Level 4 Hospital:** Held in March 2025 ahead of World Hearing Day, this event offered audiologist consultations and hearing aids to individuals with hearing loss, plus awareness sessions on preventive care.
- **Medical Outreach for students of Maragua Technical Training Institute.** Services offered during the outreach include: - Nutrition review, blood pressure check, random blood sugar (RBS), Urinalysis, Body Mass Index (BMI), Total Blood Count (TBC), HIV screen and also counselling services.

## **12. Report of The Board of Management**

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

### **Principal activities**

The principal activities of Maragua Sub County Hospital are to deliberately build a progressive and sustainable technologically driven evidence based and client centered health system for accelerated attainment of the highest standard of health for all citizens of Murang'a county.

### **Results**

The results of Murang'a Sub County Hospital for the year ended June 30 2025 are set out on pages 1 to 10.

### **Board of Management**

The members of the Board who served during the year are shown on page v. During the year, sadly a board member by the name Paul Kagu Gatama passed on. He was replaced by Cecilia Thuku on 17<sup>th</sup> September 2024.

### **Auditors**

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

By Order of the Board



**Name:** Dr. Stephen Karangau Wachira  
**Secretary to the Board**

### **13. Statement of Board of Management's Responsibilities**

Section 164 of the Public Finance Management Act, 2012 require the management to prepare quarterly financial statements in respect of the Maragua hospital, which give a true and fair view of the state of affairs of the hospital at the end of f/y 2024/2025 and the operating results of the Maragua hospital for the f/y 2024/2025. The board of Management are also required to ensure that Maragua sub county hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The management members are also responsible for safeguarding the assets of the hospital.

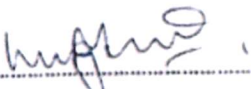
The management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the period ended on 30<sup>th</sup> June 2025. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Maragua Sub County Level 4 Hospital designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iii) safeguarding the assets of the Maragua hospital;
- (iv) selecting and applying appropriate accounting policies, and
- (v) making accounting estimates that are reasonable in the circumstances.

The management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 18 of Facility improvement financing Bill, 2023. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Board of management to indicate that Maragua hospital will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

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

  
.....

**Name: Moses Mungai Mahia**  
**Chairperson**

  
.....

**Name: Dr. Stephen Karangau**  
**Accounting Officer**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MARAGUA SUB COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MURANG'A

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### 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 Maragua Sub County Level 4 Hospital set out on pages 1 to 53, which comprise of the statement of financial position

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

In my opinion, except for the effects 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 Maragua Sub County Level 4 Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Facilities Improvement Financing Act, 2023, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Unsupported Property Plant and Equipment**

The statement of financial position and as disclosed in Note 32 to the financial statements reflects Kshs.142,277,962 in respect of property plant and equipment. Review of records revealed the following unsatisfactory matters;

#### **1.1 Unconfirmed Ownership of Land**

The property plant and equipment balance includes an amount of Kshs.7,500,000 in respect of land upon which the Hospital is located. However, the said land is not recorded in its asset register. In addition, Management had not obtained the title deed transferred in the its name in spite of the outcome of a succession case that declared the Hospital as one of the beneficiaries of land.

#### **1.2 Inadequate Breakdown of the PPE**

The property plant and equipment schedule includes Kshs.120,697,888 and Kshs.1,480,024 in respect of building and civil works and ICT equipment all totaling to Kshs.122,177,912. However, the breakdown of costs per item details were missing in the Hospital's asset register and the financial statements amounts could therefore not be correlated.

#### **1.3 Undisclosed Assets**

The Hospital's asset register indicated that it held in its custody and in good condition 52, 50 and 44 items relating to medical equipment, furniture and fittings and office equipment respectively of undetermined values which were not disclosed in the financial statements.

It was apparent that the Hospital assets had been reflected in its register with nil balances without engaging a valuer to obtain their values for proper accounting and as a result, the Hospital could not comprehensively provide for their wear and tear.

#### 1.4 Lack of Asset Tagging

Physical inspection of the Hospital assets in the Month November revealed that it had not comprehensively serialized or tagged all its assets for ease and clarity of identification. As a result, these assets could not be reconciled with the asset register provided for audit review.

In the circumstances, the accuracy, ownership and completeness of the property, plant and equipment balance of Kshs.142,277,962 could not be confirmed.

## 2. Expenditure Outside the Reporting Period

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects Kshs.59,196,604 on medical/clinical costs. Included in the amount are expenses totaling Kshs.1,273,875 as shown below which were incurred in previous financial years but were charged to the current financial year's expenditure thereby inflating the current year's expenses.

| PV No. | Account              | Description  | Amount (Kshs.)   |
|--------|----------------------|--|------------------|
| 35     | Laboratory Chemicals | Supply of non-pharmaceutical items via Purchase requisition SR.NO.B15359 dated 02/04/24 Delivery note dated 20/05/2024 | 626,400          |
| 36     | Laboratory Chemicals | Supply of lab reagents via purchase requisition SR.NO.B09098 dated 13/05/24 delivery note dated 16/05/26024            | 503,475          |
| 7      | Medical Gas          | Supply of medical gas Purchase requisition SR.NO.B14917 dated 02/04/24 Delivery note dated 29/01/2024                  | 144,000          |
|        |                      | <b>Total</b>   | <b>1,273,875</b> |

In the circumstances, the current year's amount on medical/clinical costs of Kshs.59,196,604 may have been overstated by Kshs.1,273,875.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Maragua Sub County Level 4 Hospital's 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 Controls and Performance

The statement of comparison of budget and actual amounts reflects total actual expenditure on a comparable basis of Kshs.76,592,987 against total actual receipts on a comparable basis of Kshs.86,419,070 resulting to an under expenditure of Kshs.9,826,083 or approximately 11%.

The under-utilization 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

### Unresolved Prior Year Matters

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

|   | Financial Year | Audit Issue  |
|---|----------------|--|
| 1 | 2023/2024      | Transfers From County Government                               |
| 2 | 2023/2024      | Grants from Donors and Development Partners Amounts            |
| 3 | 2023/2024      | Undisclosed Waivers in the Financial Statement                 |
| 4 | 2023/2024      | Variance Between Financial Statements and Supporting Schedules |
| 5 | 2023/2024      | Unsupported Capital Fund                                       |
| 6 | 2023/2024      | Unsupported Property, Plant and Equipment Balance              |
| 7 | 2023/2024      | Failure to Undertake Stock Taking                              |
| 8 | 2023/2024      | Inaccurate presentation of financial statements                |
| 9 | 2023/2024      | Lack of risk management policy                                 |

## **Other Information**

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

In connection with my audit on the Hospital's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, 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 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 effects 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. Non-compliance with The Levy Order, 2023**

The statement of financial performance and as disclosed in Notes 15, 19 and 21 to the financial statements reflects Kshs.59,196,604, Kshs.1,018,586 and Kshs.11,823,655 in respect of medical/clinical costs, repairs and maintenance and general expenses respectively all totaling Kshs.72,038,845. Included in this amount is Kshs.65,053,085 incurred in the procurement of goods and services. However, the Hospital failed to recover and remit the capacity building levy to Public Procurement Regulatory Authority contrary to paragraph 5&6 of Public Procurement Regulatory Authority Circular No 01/2024 which provides that procuring entities shall remit the Levy amounts to the Authority through the eCitizen payment platform by the 20<sup>th</sup> day of the subsequent month.

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

## **2. Non-Compliance with Law on Ethnic Diversity**

Review of the Hospital Management Board composition revealed that all the eight (8) Members of the Board were from the same ethnic community contrary to Article 232 (1) of the Constitution which provides that recruitments in public service should include representation of Kenya's diverse communities and affording equal opportunities for appointment at all levels of the public service of the members of all ethnic groups.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects 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 an Approved Strategic Plan**

Review of the Hospital operations revealed that Maragua Sub- County Hospital did not have an approved Strategic Plan and an Operational Plan in place, which are essential for guiding daily operations and setting long-term objectives.

In the absence of these key planning documents the Hospital's ability to provide clear direction, measure performance, and communicate priorities and goals to stakeholders could not be confirmed.

#### **2. Variance Between Bin Card Records and Physical Stock Count**

The statement of financial position and as disclosed in Note 31 to the financial statements reflects Kshs.18,779,421 in respect of inventories which includes Kshs.14,654,164 on

*Report of the Auditor-General on Maragua Sub County Level 4 Hospital for the year ended 30 June, 2025– County Government of Murang'a*

General Supplies. Review of annual stock take reports conducted on 30<sup>th</sup> June 2025 revealed that the General Supplies items counted differed with the quantities recorded in the bin cards by 1,073 items. It is apparent that the store keepers do not promptly update the movement in inventory.

In the circumstances, Management has not instituted proper mechanisms to ensure that inventory and stock records are accurately updated to reflect actual stock movements during the year.

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

### **Responsibilities of the Management and the Board of Management**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**3 December, 2025**

*Maragua Sub County Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

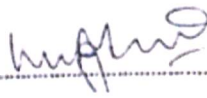
**15. Statement of Financial Performance for The Year Ended 30 June 2025**

| Description                                      | Note | 2024-2025          | 2023-2024         |
|--|------|--------------------|-------------------|
|  |      | Kshs               | Kshs              |
| <b>Revenue from non-exchange transactions</b>    |      |                    |                   |
| Transfers from the County Government             | 6    | -                  | 3,555,500         |
| In-kind contributions from the County Government | 7    | -                  | -                 |
| Grants from donors and development partners      | 8    | 18,000             | 605,000           |
| Transfers from other Government entities         | 9    | -                  | -                 |
| Public contributions and donations               | 10   | -                  | -                 |
|  |      | <b>18,000</b>      | <b>4,160,500</b>  |
| <b>Revenue from exchange transactions</b>        |      |                    |                   |
| Rendering of services- Medical Service Income    | 11   | 79,583,516         | 9,066,975         |
| Revenue from rent of facilities                  | 12   | -                  | -                 |
| Finance /Interest Income                         | 13   | -                  | -                 |
| Miscellaneous Income                             | 14   | 1,205,100          | 1,899,447         |
|  |      | <b>80,788,616</b>  | <b>10,966,242</b> |
| <b>Total revenue</b>                             |      | <b>80,806,616</b>  | <b>15,126,922</b> |
| <b>Expenses</b>                                  |      |                    |                   |
| Medical/Clinical costs                           | 15   | 59,196,604         | 3,995,033         |
| Employee costs                                   | 16   | -                  | 41,600            |
| Board of Management Expenses                     | 17   | 228,000            | 82,500            |
| Depreciation and amortization expense            | 18   | 2,139,926          | -                 |
| Repairs and maintenance                          | 19   | 1,018,586          | 807,710           |
| Grants and subsidies                             | 20   | -                  | -                 |
| General expenses                                 | 21   | 11,823,655         | 4,587,445         |
| Finance costs                                    | 22   | -                  | -                 |
|  |      | <b>74,406,771</b>  | <b>9,514,288</b>  |
| <b>Other gains/(losses)</b>                      |      |                    |                   |
| Gain/Loss on disposal of non-Current assets      | 23   | -                  | -                 |
| Unrealized gain on fair value of investments     | 24   | -                  | -                 |
| Medical services contracts Gains/Losses          | 25   | (2,181,216)        | -                 |
| Impairment loss                                  | 26   | -                  | -                 |
| Gain on foreign exchange transactions            |      | -                  | -                 |
|  |      | <b>(2,181,216)</b> | <b>-</b>          |
| <b>Net Surplus / (Deficit) for the year</b>      |      | <b>4,218,629</b>   | <b>5,612,454</b>  |

*Maragua Sub County Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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The Hospital's financial statements were approved by the Board on 5<sup>th</sup> July 2025 and signed on its behalf by:

  
.....

Moses Mungai Mahia  
**Board of Management**

  
.....

Grace Akinyi Aluoch  
**Head of Finance**  
**ICPAK No:20299**

  
.....

Dr. Stephen Karangau Wachira  
**Medical Superintendent**

*Maragua Sub County Hospital (Murang'a County Government)*  
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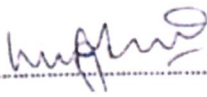
**14 Statement of Financial Position as at 30<sup>th</sup> June 2025**

| Description                                   | Note | 2024-2025          | 2023-2024          |
|---|------|--------------------|--------------------|
|   |      | Kshs               | Kshs               |
| <b>Assets</b>                                 |      |                    |                    |
| <b>Current assets</b>                         |      |                    |                    |
| Cash and cash equivalents                     | 27   | 3,370,447          | 5,612,454          |
| Prepayments                                   | 28   | -                  | -                  |
| Receivables from exchange transactions        | 29   | 17,235,939         | 11,007,545         |
| Receivables from non-exchange transactions    | 30   | -                  | -                  |
| Inventories                                   | 31   | 18,779,421         | -                  |
| <b>Total Current Assets</b>                   |      | <b>39,385,807</b>  | <b>16,505,714</b>  |
|   |      |                    |                    |
| <b>Non-current assets</b>                     |      |                    |                    |
| Property, plant, and equipment                | 32   | 142,277,962        | 128,197,888        |
| Intangible assets                             | 33   | -                  | -                  |
| Investment property                           | 34   | -                  | -                  |
| Biological Assets                             | 35   | -                  | -                  |
| <b>Total Non-current Assets</b>               |      | <b>142,277,962</b> | <b>128,197,888</b> |
|   |      |                    |                    |
| <b>Total assets (A)</b>                       |      | <b>181,663,769</b> | <b>144,795,582</b> |
|   |      |                    |                    |
| <b>Liabilities</b>                            |      |                    |                    |
| <b>Current liabilities</b>                    |      |                    |                    |
| Trade and other payables                      | 36   | 15,557,476         | 4,605,919          |
| Refundable deposits from Patients/Prepayments | 37   | -                  | -                  |
| Provisions                                    | 38   | -                  | -                  |
| Finance lease obligation                      | 39   | -                  | -                  |
| Current portion of deferred income            | 40   | -                  | -                  |
| Current portion of borrowings                 | 41   | -                  | -                  |
| <b>Total Current Liabilities</b>              |      | <b>15,557,476</b>  | <b>4,605,919</b>   |
|   |      |                    |                    |
| <b>Non-current liabilities</b>                |      |                    |                    |
| Provisions                                    | 38   | -                  | -                  |
| Non-Current Finance lease obligation          | 39   | -                  | -                  |
| Non-Current portion of deferred income        | 40   | -                  | -                  |
| Non - Current portion of borrowings           | 41   | -                  | -                  |
| Service concession Arrangements               | 42   | -                  | -                  |
| <b>Total non-current liabilities</b>          |      | <b>-</b>           | <b>-</b>           |

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|                              |  |                    |                    |
|------------------------------|--|--------------------|--------------------|
| <b>Total Liabilities (B)</b> |  | <b>15,557,476</b>  | <b>4,605,919</b>   |
|                              |  |                    |                    |
| <b>Net assets (A-B)</b>      |  | <b>166,106,293</b> | <b>140,189,663</b> |
|                              |  |                    |                    |
| <b>Represented by:</b>       |  |                    |                    |
| Revaluation reserve          |  | -                  | -                  |
| Accumulated surplus/Deficit  |  | 51,596,022         | 5,612,469          |
| Capital Fund                 |  | 114,510,271        | 114,510,271        |
|                              |  |                    |                    |
| <b>Net Assets</b>            |  | <b>166,106,293</b> | <b>140,189,663</b> |

The Hospital's financial statements were approved by the Board on 15<sup>th</sup> July 2025 and signed on its behalf by:



Moses Mungai Mahia  
**Board of Management**



Grace Akinyi Aluoch  
**Head of Finance**  
**ICPAK No:20299**



Dr. Stephen Karangau Wachira  
**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              |
|--------------------------------|---------------------|-----------------------------|--------------------|--------------------|
| <b>As at July 1, 2023</b>      | -                   | -                           |                    | -                  |
| Revaluation gain               | -                   | -                           | -                  | -                  |
| Surplus/(deficit) for the year | -                   | 5,612,469                   | -                  | <b>5,612,469</b>   |
| Capital/Development grants     | -                   | -                           | 114,510,271        | <b>114,510,271</b> |
| <b>As at June 30, 2024</b>     | -                   | <b>5,612,469</b>            | <b>114,510,271</b> | <b>120,122,740</b> |
|                                |                     |                             |                    |                    |
| <b>At July 1, 2024</b>         | -                   | <b>5,612,469</b>            | <b>114,510,271</b> | <b>120,122,740</b> |
| Prior year adjustment          |                     | 41,764,924                  | -                  | <b>41,764,924</b>  |
| Surplus/(deficit) for the year | -                   | 4,218,629                   | -                  | <b>4,218,629</b>   |
| Capital/Development grants     | -                   | -                           | -                  | -                  |
| <b>At June 30, 2025</b>        | -                   | <b>51,596,022</b>           | <b>114,510,271</b> | <b>166,106,293</b> |

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

| Description  | Note | 2024-2025         | 2023-2024         |
|--|------|-------------------|-------------------|
|  |      | Kshs              | Kshs              |
| <b>Cash flows from operating activities</b>        |      |                   |                   |
| <b>Receipts</b>                                    |      |                   |                   |
| Transfers from the County Government               | 6    | -                 | 3,555,500         |
| Grants from donors and development partners        | 8    | 18,000            | 605,000           |
| Transfers from other Government entities           | 9    | -                 | -                 |
| Public contributions and donations                 | 10   | -                 | -                 |
| Rendering of services- Medical Service Income      |      | 71,029,728        | 9,066,975         |
| Revenue from rent of facilities                    | 12   | -                 | -                 |
| Finance / interest income                          | 13   | -                 | -                 |
| Miscellaneous receipts(specify)                    | 14   | 1,205,100         | 1,899,447         |
| <b>Total Receipts</b>                              |      | <b>72,252,828</b> | <b>15,126,742</b> |
|  |      |                   |                   |
| <b>Payments</b>                                    |      |                   |                   |
| Medical/Clinical costs                             | 15   | 59,196,604        | 3,995,028         |
| Employee costs                                     | 16   | -                 | 41,600            |
| Board of Management Expenses                       | 17   | 228,000           | 82,500            |
| Repairs and maintenance                            | 19   | 1,018,586         | 807,700           |
| Grants and subsidies                               | 20   | -                 | -                 |
| General expenses                                   | 21   | 11,823,655        | 4,587,445         |
| Finance costs                                      | 22   | -                 | -                 |
| Refunds paid out                                   |      | 5,000             | -                 |
| <b>Total Payments</b>                              |      | <b>72,271,845</b> | <b>9,514,273</b>  |
| <b>Net cash flows from operating activities</b>    | 43   | <b>-19,017</b>    | <b>5,612,634</b>  |
| <b>Cash flows from investing activities</b>        |      |                   |                   |
| Purchase of property, plant, equipment             |      | -                 | -                 |
| Purchase of intangible assets                      |      | -                 | -                 |
| Proceeds from the sale of PPE                      |      | -                 | -                 |
| Acquisition of investments                         |      | -                 | -                 |
| <b>Net cash flows used in investing activities</b> |      | <b>-</b>          | <b>-</b>          |
| <b>Cash flows from financing activities</b>        |      |                   |                   |
| Proceeds from borrowings                           |      | -                 | -                 |
| Repayment of borrowings                            |      | -                 | -                 |

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|   |    |                  |                   |
|---|----|------------------|-------------------|
| Capital grants received                                     |    | -                | -                 |
| <b>Net cash flows used in financing activities</b>          |    | -                | -                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 43 | <b>-19,017</b>   | <b>5,612,634</b>  |
| Cash and cash equivalents as at 1 July                      |    | 3,389,464        | 60,924,765        |
| <b>Cash and cash equivalents as at 30 June</b>              | 27 | <b>3,370,447</b> | <b>66,423,234</b> |

*Maragua Sub County Hospital (Murang'a County Government)*  
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**18. Statement of Comparison of Budget and Actual Amounts for Yr Ended 30 Jun 2025**

| Description                                   | Original budget   | Adjustments      | Final budget      | Actual on comparable basis | Performance difference | % of utilization |
|---|-------------------|------------------|-------------------|----------------------------|------------------------|------------------|
|   | a                 | b                | c=(a+b)           | d                          | e=(c-d)                | f=d/c%           |
|   | Kshs              | Kshs             | Kshs              | Kshs                       | Kshs                   |                  |
| Budget Carryovers from the previous year      | -                 | 3,389,464        | 3,389,464         | 5,612,454                  | -2,222,990             | 166%             |
| <b>Receipts</b>                               |                   |                  |                   |                            |                        |                  |
| Transfers from the County Government          | -                 | -                | -                 | -                          | -                      |                  |
| Grants from donors and development partners   | 143,442           | -                | 143,442           | 18,000                     | 125,442                | 13%              |
| Transfers from other Government entities      | -                 | -                | -                 | -                          | -                      |                  |
| Public contributions and donations            | -                 | -                | -                 | -                          | -                      |                  |
| Rendering of services- Medical Service Income | 80,000,000        | -                | 80,000,000        | 79,583,516                 | 416,484                | 99%              |
| Revenue from rent of facilities               | -                 | -                | -                 | -                          | -                      |                  |
| Finance / interest income                     | -                 | -                | -                 | -                          | -                      |                  |
| Miscellaneous receipts (specify)              | 1,300,000         | -                | 1,300,000         | 1,205,100                  | 94,900                 | 93%              |
| <b>Total receipts</b>                         | <b>81,443,442</b> | <b>3,389,464</b> | <b>84,832,906</b> | <b>86,419,070</b>          | <b>-1,586,164</b>      | <b>102%</b>      |
| <b>Payments</b>                               |                   |                  |                   |                            |                        |                  |
| Medical/Clinical costs                        | 63,000,000        | 2,039,464        | 65,039,464        | 59,196,604                 | 5,842,860              | 91%              |
| Employee costs                                | -                 | 350,000          | 350,000           | 0                          | 350,000                | 0%               |
| Remuneration of directors                     | 248,000           | -                | 248,000           | 228,000                    | 20,000                 | 92%              |
| Repairs and maintenance                       | 1,362,000         | 0                | 1,362,000         | 1,018,586.00               | 343,414                | 75%              |

**Maragua Sub County Hospital (Murang'a County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

|                                      |                   |                  |                   |                   |                  |     |
|--------------------------------------|-------------------|------------------|-------------------|-------------------|------------------|-----|
| Grants and subsidies                 | -                 | -                | 0                 | 0                 | -                |     |
| General expenses                     | 12,000,000        | 1,000,000        | 13,000,000        | 11,823,655        | 1,176,345        | 91% |
| Depreciation of assets               | 2,623,442         |                  | 2,623,442         | 2,139,926         | 483,516          | 82% |
| Waivers                              | 2,200,000         |                  | 2,200,000         | 2,181,216         | 18,784           | 99% |
| Finance costs                        | -                 | -                | 0                 | 0                 | -                |     |
| Refunds                              | 10,000            | -                | 10,000            | 5,000             | 5,000            | 50% |
| <b>Total Operational Expenditure</b> | <b>81,443,442</b> | <b>3,389,464</b> | <b>84,832,906</b> | <b>76,592,987</b> | <b>7,737,619</b> |     |
| Capital Expenditure paid             | -                 | -                | -                 | -                 | -                |     |
| <b>Surplus</b>                       | -                 | -                | -                 | <b>9,826,083</b>  |                  |     |

**Budget notes**

| Description                                 | % Of utilization | Explanations of utilization difference   |
|---|------------------|--|
| Budget Carryovers from the previous year    | 166%             | The budget carry overs were as a result of unspent funds from previous financial year.   |
| Grants from donors and development partners | 13%              | Grants from donors and development partners was highly affected by changes in policies in United States of America regarding aid.  |
| <b>Payments</b>                             |                  |  |
| Employee costs                              | 0%               | Nil Expenditure since the hospital relies on the county public service board for recruitment.  |
| Repairs and maintenance                     | 75%              | Hospital Repairs and maintenance of motor vehicles and buildings did not require more repairs hence the 74.8% budget utilization   |
| Depreciation of assets                      | 82%              | The hospital is adopting the rates on an incremental basis every year from the base year.  |
| Refunds                                     | 50%              | Refunds include money paid for medical services but due to unavoidable circumstances, the service in not rendered and mostly the patient will require attention from a different facility. A 50% utilization means hospital is trying level best to offer all services paid for. |

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**Budget Reconciliation**

|   | Description of Particulars   | Amount in Kshs   |
|---|--|------------------|
|   | <b>Actual Surplus Amounts as per the statement of Budget</b>               | 9,826,083        |
| 1 | Prior Year Amounts Paid This Year  | -4,274,420       |
| 2 | Waiver Of Fees   | -2,181,216       |
| 3 | Reason for differences   | -                |
| 4 | Reason for differences   | -                |
|   | <b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b> | <b>3,370,447</b> |

## **19. Notes to the Financial Statements**

### **1. General Information**

Maragua Sub County Hospital is established by and derives its authority and accountability from Murang'a County Health Services Act, 2020. Maragua Sub County Level 4 Hospital is wholly owned by the Murang'a County Government and is domiciled in Murang'a County in Kenya. Maragua Sub County Level 4 Hospital principal activity is curative and preventive of diseases.

### **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 Maragua Sub County Level 4 Hospital accounting policies. There were no areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Maragua Sub County Hospital. The financial statements have been prepared in accordance with the PFM Act, , and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

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

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

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

| Standard  | Effective date and impact:   |
|---|--|
|   | 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                          | <p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>  |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul> |

*iii) Early adoption of standards*

Maragua Sub County Hospital did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Maragua Sub County Level 4 Hospital and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

Maragua Sub County Level 4 Hospital recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on 15<sup>th</sup> August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Maragua Sub County Level 4 Hospital upon receiving the respective approvals in order to conclude the final budget. Maragua Sub County Hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis

using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** 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, Maragua Sub County Level 4 Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

*Notes to the Financial Statements (Continued)*

**f. 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.

**g. 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. Maragua Sub County Level 4 Hospital *does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements*

A financial instrument is any contract that gives rise to a financial asset of one Maragua Sub County Level 4 Hospital and a financial liability or equity instrument of another Maragua Sub County Level 4 Hospital. At initial recognition Maragua Sub County Level 4 Hospital 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**

Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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, Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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. Maragua Sub County Level 4 Hospital 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).

## **Financial liabilities**

### **Classification**

Maragua Sub County Level 4 Hospital classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

#### **h. 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 Maragua Sub County Level 4 Hospital

#### **i. Provisions**

Provisions are recognized when Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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.

**j. 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. Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital will incur in fulfilling the present obligations represented by the liability.

**k. Contingent liabilities**

Maragua Sub County Level 4 Hospital 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.

**l. Contingent assets**

Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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.

**m. Nature and purpose of reserves**

Maragua Sub County Level 4 Hospital creates and maintains reserves in terms of specific requirements.

**n. Changes in accounting policies and estimates**

Maragua Sub County Level 4 Hospital 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)*

**o. 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**p. Comparative figures**

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

**q. Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Maragua Sub County Level 4 Hospital 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. Maragua

Sub County Level 4 Hospital based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of Maragua Sub County Level 4 Hospital. Such changes are reflected in the assumptions when they occur. ( IPSAS 1.140)

#### **Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by Maragua Sub County Level 4 Hospital.
- 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 38. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

| Description   | 2024-2025 | 2023-2024      |
|---|-----------|----------------|
|   | KShs      | KShs           |
| <b>Unconditional grants</b>                                     |           |                |
| Operational grant   | -         | 605,000        |
| Level 4/5 grants  | -         | -              |
| Unconditional development grants                                | -         | -              |
| Other grants ( <i>specify</i> )                                 | -         | -              |
| <b>Total Unconditional Grants</b>                               | -         | <b>605,000</b> |
|   |           |                |
| <b>Conditional grants</b>                                       |           |                |
| User fee forgone  | -         | -              |
| Transforming health services for Universal care project (THUCP) | -         | -              |
| DANIDA  | -         | -              |
| <b>Total Conditional Funds</b>                                  | -         | -              |
|   |           |                |
| <b>Total government grants and subsidies</b>                    | -         | <b>605,000</b> |

**6 b Transfers from The County Government**

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance* | Amount deferred under deferred income | Amount recognized in capital fund. | Total grant income during the year | FY 2023/2024     |
|--------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|------------------|
|                                      | KShs   | KShs                                  | KShs                               | KShs                               | KShs             |
| Murang'a County Government           | -  | -                                     | -                                  | -                                  | 3,555,500        |
|                                      |  |                                       |                                    |                                    |                  |
| <b>Total</b>                         | -  | -                                     | -                                  | -                                  | <b>3,555,500</b> |

**7. In Kind Contributions from The County Government**

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

**8. Grants From Donors and Development Partners**

| Description                                   | 2024-2025     | 2023-2024      |
|---|---------------|----------------|
|   | KShs          | KShs           |
| Cancer Centre grant- DANIDA                   | -             | -              |
| World Bank grants                             | -             | -              |
| Paediatric ward grant- JICA                   | -             | -              |
| Research grants                               | -             | -              |
| Other grants (AMREF)                          | 18,000        | 605,000        |
| <b>Total grants from development partners</b> | <b>18,000</b> | <b>605,000</b> |

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

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|--------------------------------------|---|---------------------------------------|------------------------------------|------------------------------------|--------------------|
|                                      | KShs  | KShs                                  | KShs                               | KShs                               | KShs               |
| Donor e.g., DANIDA                   | -   | -                                     | -                                  | -                                  | -                  |
| JICA                                 | -   | -                                     | -                                  | -                                  | -                  |
| World Bank                           | -   | -                                     | -                                  | -                                  | -                  |
| Amref                                | 18,000  | -                                     | -                                  | 18,000.00                          | 605,000            |
| <b>Total</b>                         | <b>18,000.00</b>  | -                                     | -                                  | <b>18,000.00</b>                   | <b>605,000</b>     |

**9. Transfers From Other Government Entities**

| Description  | FY<br>2024/2025 | FY<br>2023/2024 |
|--|-----------------|-----------------|
|  | KShs            | KShs            |
| Transfer from National Government (Ministry of Health) | -               | -               |
| Transfer from National Hospital                        | -               | -               |
| Transfer from Institute                                | -               | -               |
| <b>Total Transfers</b>                                 | -               | -               |

**10. Public Contributions and Donations**

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

**10 (a) Reconciliations of amortised grants**

| Description                                      | FY<br>2024/2025 | FY<br>2023/204 |
|--|-----------------|----------------|
|  | Kshs            | Kshs           |
| <b>Balance unspent at beginning of year</b>      | -               | -              |
| Current year receipts                            | -               | -              |
| Amortised and transferred to revenue             | -               | -              |
| <b>Conditions to be met – remain liabilities</b> | -               | -              |

**11. Rendering of Services-Medical Service Income**

| Description         | 2024-2025 | 2023-2024 |
|---------------------|-----------|-----------|
|                     | Kshs      | Kshs      |
| Pharmaceuticals     | -         | 2,800,818 |
| Non-Pharmaceuticals | -         | -         |
| Laboratory          | -         | 689,569   |
| Radiology           | -         | 1,422,590 |

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|   |                   |                  |
|---|-------------------|------------------|
| Orthopedic and Trauma Technology                    | -                 | -                |
| Clinics   | -                 | 2,890,818        |
| Accident and Emergency Service                      | -                 | -                |
| Anesthesia Service                                  | -                 | -                |
| Ear Nose and Throat service                         | -                 | -                |
| Others  | -                 | 1,240,000        |
| Cancer center service                               | -                 | -                |
| Dental services                                     | -                 | 26,000           |
| Reproductive health                                 | -                 | -                |
| Pediatric services                                  | -                 | -                |
| Farewell home services                              | -                 | -                |
| Ambulance services                                  | -                 | -                |
| Rendering of medical service Income                 | 79,583,516        | -                |
| <b>Total revenue from the rendering of services</b> | <b>79,583,516</b> | <b>9,066,795</b> |

**12. Revenue From Rent of Facilities**

| Description          | FY<br>2024/2025 | FY<br>2023/2024 |
|----------------------|-----------------|-----------------|
|                      | Kshs            | Kshs            |
| Residential property | -               | -               |
| Commercial property  | -               | -               |

**13. Finance /Interest Income**

| Description  | FY<br>2024/2025 | FY<br>2023/2024 |
|--|-----------------|-----------------|
|  | Kshs            | Kshs            |
| Interest income from Cash investments and fixed deposits | -               | -               |
| Interest income from short- term/ current deposits       | -               | -               |

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|                                     |   |   |
|-------------------------------------|---|---|
| Interest income from Treasury Bills | - | - |
| Interest income from Treasury Bonds | - | - |
| Interest from outstanding debtors   | - | - |
| <b>Total finance income</b>         | - | - |

**14. Miscellaneous Income**

| Description   | 2024-2025        | 2023-2024        |
|---|------------------|------------------|
|   | KShs             | KShs             |
| Insurance recoveries                                | -                | -                |
| Income from sale of tender                          | -                | -                |
| Services concession income                          | -                | -                |
| Sale of goods (water, publications, containers etc) | -                | -                |
| Write backs (Deposits, payments in advance etc)     | -                | -                |
| Bad debts recovered                                 | -                | -                |
| Interns   | 1,205,100        | 1,899,447        |
| <b>Total Miscellaneous income</b>                   | <b>1,205,100</b> | <b>1,899,447</b> |

**15. Medical/ Clinical Costs**

| Description                          | 2024-2025         | 2023-2024        |
|--------------------------------------|-------------------|------------------|
|                                      | Kshs              | Kshs             |
| Dental costs/ materials              | -                 | 26,000           |
| Laboratory chemicals and reagents    | 5,266,389         | 89,000           |
| Public health activities             | -                 | -                |
| Food and Ration                      | 5,946,910         | 540,010          |
| Uniform, clothing, and linen         | -                 | -                |
| Dressing and Non-Pharmaceuticals     | 32,050,877        | 1,090,000        |
| Pharmaceutical supplies              | 11,333,928        | 1,800,823        |
| Health information stationery        | -                 | -                |
| Reproductive health materials        | -                 | -                |
| Sanitary and cleansing Materials     | 413,600           | -                |
| Purchase of Medical gases            | 3,608,400         | 150,000          |
| X-Ray/Radiology supplies             | -                 | 825,000          |
| Small Medical Equipment              | 576,500           | -                |
| <b>Total medical/ clinical costs</b> | <b>59,196,604</b> | <b>3,995,033</b> |

**16. Employee Costs**

| Description                                | FY<br>2024/2025 | FY<br>2023/2024 |
|--|-----------------|-----------------|
|  | Kshs            | Kshs            |
| Salaries, wages, and allowances            | -               | 41,600          |
| 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 ( <i>specify</i> )    | -               | -               |
| <b>Employee costs</b>                      | -               | <b>41,600</b>   |

**17. Board of Management Expenses**

| Description                        | 2024-2025      | 2023-2024     |
|------------------------------------|----------------|---------------|
|                                    | Kshs           | Kshs          |
| Chairman's Honoraria               | -              | -             |
| Sitting allowance                  | 228,000        | 82,500        |
| Mileage                            | -              | -             |
| Insurance expenses                 | -              | -             |
| Induction and training             | -              | -             |
| Travel and accommodation allowance | -              | -             |
| Airtime allowances                 | -              | -             |
| <b>Total</b>                       | <b>228,000</b> | <b>82,500</b> |

**18. Depreciation and Amortization Expense**

| Description                                | 2024-2025        | 2023-2024 |
|--|------------------|-----------|
|  | Kshs             | Kshs      |
| Property, plant and equipment              | 2,139,926        | -         |
| Intangible assets                          | -                | -         |
| Investment property carried at cost        | -                | -         |
| <b>Total depreciation and amortization</b> | <b>2,139,926</b> | <b>-</b>  |

**19. Repairs And Maintenance**

| Description         | 2024-2025 | 2023-2024 |
|---------------------|-----------|-----------|
|                     | Kshs      | Kshs      |
| Property- Buildings | -         | -         |
| Medical equipment   | 199,600   | 741,960   |
| Office equipment    | -         | -         |

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|                                      |                  |                |
|--------------------------------------|------------------|----------------|
| Furniture and fittings               | -                | -              |
| Computers and accessories            | -                | -              |
| Motor vehicle expenses               | 818,986          | 65,750         |
| Maintenance of civil works           | -                | -              |
| <b>Total repairs and maintenance</b> | <b>1,018,586</b> | <b>807,710</b> |

**20. Grants And Subsidies**

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

**21. General Expenses**

| Description                        | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| Advertising and publicity expenses | -         | -         |
| Catering expenses                  | -         | 43,710    |
| Waste management expenses          | -         | -         |
| Insecticides and rodenticides      | -         | -         |
| Audit fees                         | -         | -         |
| Bank charges                       | 16,788    | 7,410     |
| Conferences and delegations        | -         | -         |
| Consultancy fees                   | -         | -         |
| Contracted services                | -         | -         |
| Electricity expenses               | 800,000   | 1,046,867 |
| Fuel and Lubricants                | 3,046,065 | 1,557,388 |
| Cooking Gas                        | 1,251,000 | 529,000   |
| Research and development expenses  | -         | -         |
| Travel and accommodation allowance | 249,800   | -         |
| Withholding Tax                    | 172,122   | -         |
| Refund                             | 5,000     | -         |

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|                                     |                   |                  |
|-------------------------------------|-------------------|------------------|
| Imprest                             | 944,800           | -                |
| Printing and stationery             | 2,949,930         | 97,125           |
| Kitchen Wares                       | -                 | 27,180           |
| Interns                             | 348,150           | -                |
| Water and sewerage costs            | 2,040,000         | 480,070          |
| Skills development levies           | -                 | -                |
| Telephone and mobile phone services | -                 | 58,800           |
| Internet expenses                   | -                 | 196,310          |
| Staff training and development      | -                 | 558,178          |
| Parking charges                     | -                 | -                |
| <b>Total General Expenses</b>       | <b>11,823,655</b> | <b>4,587,445</b> |

**22. Finance Costs**

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

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

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

**24. Unrealized Gain on Fair Value Investments**

| Description               | FY<br>2024/2025 | FY<br>2023/2024 |
|---------------------------|-----------------|-----------------|
|                           | KShs            | KShs            |
| Investments at fair value | -               | -               |
| <b>Total gain</b>         | <b>-</b>        | <b>-</b>        |

**25. Medical Services Contracts Gains /Losses**

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| Description                                     | 2024-2025        | 2023-2024 |
|---|------------------|-----------|
|   | KShs             | KShs      |
| Comprehensive care contracts with NHIF/SHA      | -                | -         |
| Non- Comprehensive contracts care with NHIF/SHA | -                | -         |
| Linda Mama Program                              | -                | -         |
| Waivers and Exemptions                          | 2,181,216        | -         |
| <b>Total Gain/Loss</b>                          | <b>2,181,216</b> | <b>-</b>  |

**26. Impairment Loss**

| Description                    | FY 2024/2025 | FY 2023/2024 |
|--------------------------------|--------------|--------------|
|                                | KShs         | KShs         |
| Property, plant, and equipment | -            | -            |
| Intangible assets              | -            | -            |
| Investments                    | -            | -            |
| <b>Total impairment loss</b>   | <b>-</b>     | <b>-</b>     |

**27. Cash And Cash Equivalents**

| Description                            | 2024-2025        | 2023-2024         |
|--|------------------|-------------------|
|  | KShs             | KShs              |
| Current accounts                       | 3,370,447        | 66,423,234        |
| On - call deposits                     | -                | -                 |
| Fixed deposits accounts                | -                | -                 |
| Cash in hand                           | -                | -                 |
| Others( <i>specify</i> )- Mobile money | -                | -                 |
| <b>Total cash and cash equivalents</b> | <b>3,370,447</b> | <b>66,423,234</b> |

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

| Description               |                | 2024-2025        | 2023-2024           |
|---------------------------|----------------|------------------|---------------------|
| Financial institution     | Account number | KShs             | KShs                |
| <b>a) Current account</b> |                |                  |                     |
| Kenya Commercial bank     | 1324434481     | 3,035,563        | 2,532,577           |
| Kenya Commercial bank     | 1310135045     | 334,884          | 856,887.25          |
| <b>Sub- total</b>         |                | <b>3,370,447</b> | <b>3,389,464.25</b> |

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|                              |  |                  |                     |
|------------------------------|--|------------------|---------------------|
| <b>b) On - call deposits</b> |  |                  |                     |
| Kenya Commercial bank        |  | -                | -                   |
| Equity Bank – etc            |  | -                | -                   |
| <b>Sub- total</b>            |  | -                | -                   |
| <b>c) Others(specify)</b>    |  |                  |                     |
| <b>Sub- total</b>            |  | -                | -                   |
|                              |  |                  |                     |
| <b>Grand total</b>           |  | <b>3,370,447</b> | <b>3,389,464.25</b> |

**28. Prepayments**

| Description    | FY<br>2024/2025 | FY<br>2023/2024 |
|----------------|-----------------|-----------------|
|                | Kshs            | Kshs            |
| Insurance      | -               | -               |
| Rent           | -               | -               |
| Others specify | -               | -               |
| <b>Total</b>   | <b>-</b>        | <b>-</b>        |

**29. Receivables From Exchange Transactions**

| Description                  | 2024-2025         | 2023-2024         |
|------------------------------|-------------------|-------------------|
|                              | KShs              | KShs              |
| Medical services receivables | 17,235,939        | 17,428,700        |
| Rent receivables             | -                 | -                 |
| Other exchange debtors       | -                 | -                 |
| Less: impairment allowance   | -                 | -                 |
| <b>Total receivables</b>     | <b>17,235,939</b> | <b>17,428,700</b> |

**Analysis of Receivables from Exchange Transactions**

| Description        | 2024-2025  |                | 2023-2024 |                |
|--------------------|------------|----------------|-----------|----------------|
|                    | Kshs       |                | Kshs      |                |
|                    | 2024-2025  | % of the total | 2023-2024 | % of the total |
| Less than 1 year   | -          | -              | -         | -              |
| Between 1- 2 years | 17,235,939 | 100            | -         | -              |
| Between 2-3 years  | -          | -              | -         | -              |

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|                    |                   |            |   |   |
|--------------------|-------------------|------------|---|---|
| Over 3 years       | -                 | -          | - | - |
| <b>Total (a+b)</b> | <b>17,235,939</b> | <b>100</b> | - | - |

**30. Receivables From Non-Exchange Transactions**

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

**Analysis of Receivables From Non-Exchange Transactions**

| Description        | FY<br>2024/2025 |                      | FY<br>2023/2024 |                   |
|--------------------|-----------------|----------------------|-----------------|-------------------|
|                    | Kshs            |                      | Kshs            |                   |
|                    | FY<br>2024/2025 | % of<br>the<br>total | FY<br>2023/2024 | % of the<br>total |
| Less than 1 year   | -               | %                    | -               | %                 |
| Between 1- 2 years | -               | %                    | -               | %                 |
| Between 2-3 years  | -               | %                    | -               | %                 |
| Over 3 years       | -               | %                    | -               | %                 |
| <b>Total (a+b)</b> | -               | %                    | -               | %                 |

**31. Inventories**

| Description                              | 2024-2025            | 2023-2024 |
|--|----------------------|-----------|
|  | KShs                 | KShs      |
| Pharmaceutical supplies                  | 4,125,256.70         | -         |
| Maintenance supplies.                    | -                    | -         |
| General supplies                         | 14,654,164.00        | -         |
| Less: provision for impairment of stocks | -                    | -         |
| <b>Total</b>                             | <b>18,779,420.70</b> | -         |

**Detailed disclosure on inventories**

|                 | FY<br>2024/2025 | FY<br>2023/2024 |
|-----------------|-----------------|-----------------|
| Opening balance | -               | -               |

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|                                  |   |   |
|----------------------------------|---|---|
| Additional Inventory in the year | - | - |
| Inventory expensed in the year   | - | - |
| Write-downs in the year          | - | - |
| Others specify                   | - | - |
| Closing balance                  | - | - |

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**32. Property, Plant and Equipment**

| Description                        | Land             | Buildings and Civil works | Motor vehicles    | Furniture, fittings, and office equipment | ICT Equipment    | Plant and medical equipment | Other Assets (specify) | Capital Work in progress | Total              |
|------------------------------------|------------------|---------------------------|-------------------|---|------------------|-----------------------------|------------------------|--------------------------|--------------------|
|                                    | Ksh              | Ksh                       | Ksh               | Ksh                                       | Ksh              | Ksh                         |                        | Ksh                      | Ksh                |
| <b>Rate Of Depreciation</b>        | N/A              | %                         | 10%               | 12.5%                                     | 33.33%           |                             |                        | N/A                      |                    |
| <b>Cost</b>                        |                  |                           |                   |   |                  |                             |                        |                          |                    |
| At 1 July 2023                     | 7,500,000        | 120,697,888               |                   | 0   | -                | 0                           | -                      | -                        | 128,197,888        |
| Additions                          | -                | -                         | -                 | -   | 2,220,000        | -                           | -                      | -                        | 2,220,000          |
| Disposals                          | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| Transfers/adjustments              | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| Revaluation Adjustments            | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| <b>At 30<sup>th</sup> Jun 2024</b> | <b>7,500,000</b> | <b>120,697,888</b>        | <b>-</b>          | <b>0</b>                                  | <b>2,220,000</b> | <b>0</b>                    | <b>-</b>               | <b>-</b>                 | <b>130,417,888</b> |
| At 1 July 2024                     | 7,500,000        | 120,697,888               | -                 | 0   | 2,220,000        | 0                           | -                      | -                        | 130,417,888        |
| Additions                          | -                | -                         | 14,000,000        | -   | -                | -                           | -                      | -                        | 14,000,000         |
| Disposals                          | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| Transfer/adjustments               | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| Revaluation Adjustments            | -                | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| <b>At 30<sup>th</sup> Jun 2025</b> | <b>7,500,000</b> | <b>120,697,888</b>        | <b>14,000,000</b> | <b>0</b>                                  | <b>2,220,000</b> | <b>0</b>                    | <b>-</b>               | <b>-</b>                 | <b>144,417,888</b> |
| <b>Depreciation and impairment</b> |                  |                           |                   |   |                  |                             |                        |                          |                    |
| At 1 July 2023                     |                  | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |
| Depreciation for the year          |                  | -                         | -                 | -   | -                | -                           | -                      | -                        | -                  |

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|                                     |           |            |             |           |   |   |   |   |   |   |   |   |             |
|-------------------------------------|-----------|------------|-------------|-----------|---|---|---|---|---|---|---|---|-------------|
| Disposals                           | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| Impairment                          | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| <b>At 30 June 2024</b>              | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| <b>At July 2024</b>                 | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| Depreciation                        | -         | 1,400,000  | -           | 739,926   | - | - | - | - | - | - | - | - | 2,139,926   |
| Disposals                           | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| Impairment                          | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| Transfer/adjustment                 | -         | -          | -           | -         | - | - | - | - | - | - | - | - | -           |
| <b>At 30<sup>th</sup> June 2025</b> | -         | 1,400,000  | -           | 739,926   | - | - | - | - | - | - | - | - | 2,139,926   |
| <b>Net book values</b>              |           |            |             |           |   |   |   |   |   |   |   |   |             |
| At 30 <sup>th</sup> Jun 2024        | 7,500,000 | -          | 120,697,888 | 2,220,000 | - | - | - | - | - | - | - | - | 130,407,888 |
| At 30 <sup>th</sup> Jun 2025        | 7,500,000 | 12,600,000 | 120,697,888 | 1,480,024 | - | - | - | - | - | - | - | - | 142,277,962 |

**Notes to the Financial Statements (Continued)**

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

**35. Biological Assets**

| Description                        | FY<br>2024/2025 | FY<br>2023/2024 |
|------------------------------------|-----------------|-----------------|
|                                    | Kshs            | Kshs            |
| Trees in a plantation forest       | -               | -               |
| Animals: Dairy Cattle, Pigs, Sheep | -               | -               |
| Others specify                     | -               | -               |
| <b>Total</b>                       | -               | -               |

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**36. Trade and other Payables**

| Description   | 2024-2025            |                       | 2023-2024             |                       |
|---|----------------------|-----------------------|-----------------------|-----------------------|
|   | KShs                 |                       | KShs                  |                       |
| Trade payables  | 15,557,476.26        |                       | 1,730,637             |                       |
| Employee dues   | -                    |                       | -                     |                       |
| Third-party payments (e.g. unremitted payroll deductions) | -                    |                       | -                     |                       |
| Audit fee   | -                    |                       | -                     |                       |
| Doctors' fee  | -                    |                       | -                     |                       |
| <b>Total trade and other payables</b>                     | <b>15,557,476.26</b> |                       | <b>1,730,637</b>      |                       |
| <b>Ageing analysis:</b>                                   | <b>Current FY</b>    | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the total</b> |
| Under one year  | 1,256,972.20         | 1                     | -                     | -                     |
| 1-2 years   | 14,300,504.06        | -                     | -                     | -                     |
| 2-3 years   | -                    | -                     | -                     | -                     |
| Over 3 years  | -                    | -                     | -                     | -                     |
| <b>Total</b>  | <b>15,557,476.26</b> | <b>1.00</b>           | <b>-</b>              | <b>-</b>              |

**37. Refundable Deposits from Customers/Patients**

| Description                  | FY 2024/2025        |                       | FY 2023/2024        |                       |
|------------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                              | KShs                |                       | KShs                |                       |
| Medical fees paid in advance | -                   |                       | -                   |                       |
| Credit facility deposit      | -                   |                       | -                   |                       |
| Rent deposits                | -                   |                       | -                   |                       |
| Others (specify)             | -                   |                       | -                   |                       |
| <b>Total deposits</b>        | <b>-</b>            |                       | <b>-</b>            |                       |
| <b>Ageing analysis:</b>      | <b>FY 2024/2025</b> | <b>% of the Total</b> | <b>FY 2023/2024</b> | <b>% of the Total</b> |

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|                |   |          |   |          |
|----------------|---|----------|---|----------|
| Under one year | - | %        | - | %        |
| 1-2 years      | - | %        | - | %        |
| 2-3 years      | - | %        | - | %        |
| Over 3 years   | - | %        | - | %        |
| <b>Total</b>   | - | <b>%</b> | - | <b>%</b> |

**38. Provisions**

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

**39. Finance Lease Obligation**

| Description                | FY 2024/2025 | FY 2023/2024 |
|----------------------------|--------------|--------------|
|                            | Kshs         | Kshs         |
| Current Lease obligation   | -            | -            |
| Long term lease obligation | -            | -            |
| <b>Total</b>               | -            | -            |

**40. Deferred Income**

| Description         | FY 2024/2025 | FY 2023/2024 |
|---------------------|--------------|--------------|
|                     | KShs         | KShs         |
| Current Portion     | -            | -            |
| Non-Current Portion | -            | -            |
| <b>Total</b>        | -            | -            |

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

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

**41. Borrowings**

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

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

| Description            | FY 2024/2025 | FY 2023/2024 |
|------------------------|--------------|--------------|
|                        | KShs         | KShs         |
| Current Obligation     | -            | -            |
| Non-Current Obligation | -            | -            |
| <b>Total</b>           | -            | -            |

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**Notes to the Financial Statements (Continued)**

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

| Description                                    | 2024-2025      | 2023-2024        |
|--|----------------|------------------|
|  | 2024-2025      | 2023-2024        |
|  | KShs           | KShs             |
| Surplus for the year before tax                | 4,218,629      | 5,612,469        |
| <b>Adjusted for:</b>                           |                |                  |
| Depreciation                                   | 2,139,926      |                  |
| Non-cash grants received                       |                |                  |
| Impairment                                     |                |                  |
| Gains and losses on disposal of assets         |                |                  |
| Contribution to provisions                     |                |                  |
| Contribution to impairment allowance           |                |                  |
| <b>Working Capital adjustments</b>             |                |                  |
| Increase in inventory                          | -13,976,017    |                  |
| Increase in receivables                        | -6,228,394     |                  |
| Increase in deferred income                    |                |                  |
| Increase in payables                           | 13,826,839     |                  |
| Increase in payments received in advance       |                |                  |
| <b>Net cash flow from operating activities</b> | <b>-19,017</b> | <b>5,612,469</b> |

**Notes to the Financial Statements (Continued)**

**44. Financial Risk Management**

Maragua Sub County Level 4 Hospital 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. Maragua Sub County Level 4 Hospital financial risk management objectives and policies are detailed below:

**(i) Credit risk**

Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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     |
| <b>At 30 June 2024.</b>                     |                   |                   |          |          |
| Receivables from exchange transactions      | 17,428,700        | 17,428,700        | -        | -        |
| Receivables from –non-exchange transactions | 0                 | -                 | -        | -        |
| Bank balances                               | 3,389,464         | 3,389,464         | -        | -        |
| <b>Total</b>                                | <b>20,818,164</b> | <b>20,818,164</b> | -        | -        |
| <b>At 30 June 2025</b>                      |                   |                   |          |          |
| Receivables from exchange transactions      | 17,235,939        | 17,235,939        | -        | -        |
| Receivables from –non-exchange transactions | -                 | -                 | -        | -        |
| Bank balances                               | 3,370,447         | 3,370,447         | -        | -        |
| <b>Total</b>                                | <b>20,606,386</b> | <b>20,606,386</b> | -        | -        |

**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 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 Maragua Sub County Level 4 Hospital short, medium and long-term funding and liquidity management requirements. Maragua Sub County Level 4 Hospital 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             |
| <b>At 30 June 2025</b>        |                   |                    |                  |                  |
| Trade payables                | -                 | -                  | -                | -                |
| Current portion of borrowings | -                 | -                  | -                | -                |
| Provisions                    | -                 | -                  | -                | -                |
| Deferred income               | -                 | -                  | -                | -                |
| Employee benefit obligation   | -                 | -                  | -                | -                |
| <b>Total</b>                  | -                 | -                  | -                | -                |
| <b>At 30 June 2024</b>        |                   |                    |                  |                  |
| Trade payables                | -                 | -                  | 1,730,637        | 1,730,637        |
| Current portion of borrowings | -                 | -                  | -                | -                |
| Provisions                    | -                 | -                  | -                | -                |
| Deferred income               | -                 | -                  | -                | -                |
| Employee benefit obligation   | -                 | -                  | -                | -                |
| <b>Total</b>                  | -                 | -                  | <b>1,730,637</b> | <b>1,730,637</b> |

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**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 Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

Maragua Sub County Level 4 Hospital 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 Maragua Sub County Level 4 Hospital 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  |
| <b>At 30 June 2024</b>                        |      |                  |       |
| Financial assets (investments, cash, debtors) | -    | -                | -     |
| Liabilities                                   |      |                  |       |
| Trade and other payables                      | -    | -                | -     |
| Borrowings                                    | -    | -                | -     |
| Net foreign currency asset/(liability)        | -    | -                | -     |

Maragua Sub County Level 4 Hospital 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  |
| <b>At 30 June 2024</b>                        |      |                  |       |
| 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             |
| <b>2024</b> |                         |                             |                  |
| Euro        | 10%                     | -                           | -                |
| USD         | 10%                     | -                           | -                |
| <b>2025</b> |                         |                             |                  |
| Euro        | 10%                     | -                           | -                |
| USD         | 10%                     | -                           | -                |

**b) Interest rate risk**

Interest rate risk is the risk that Maragua Sub County Level 4 Hospital 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.

**Sensitivity analysis**

Maragua Sub County Level 4 Hospital 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. A rate increase/decrease of 5% would result in a decrease/increase in surplus.

**iv) Capital Risk Management**

The objective of Maragua Sub County Level 4 Hospital capital risk management is to safeguard the Hospital's ability to continue as a going concern. Maragua Sub County Level 4 Hospital capital structure comprises of the following funds:

| Description   | Current Period     | Comparative Period |
|---|--------------------|--------------------|
|   | Kshs               | Kshs               |
| Revaluation reserve                                   | -                  | -                  |
| Retained earnings                                     | 51,596,022         | 5,612,469          |
| Capital reserve                                       | 114,510,271        | 114,510,271        |
| <b>Total funds</b>                                    | <b>166,106,293</b> | <b>120,122,740</b> |
|   |                    |                    |
| Total borrowings                                      | -                  | -                  |
| Less: cash and bank balances                          | 3,370,447          | 5,612,454          |
| Net debt/ ( <i>excess cash and cash equivalents</i> ) | 162,735,846        | 114,510,286        |
| <b>Gearing</b>  | <b>98%</b>         | <b>95%</b>         |

**45. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to Maragua Sub County Level 4 Hospital 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.

Murang'a County Government is the principal shareholder of the *Hospital*, holding 100% of Maragua Sub County Level 4 Hospital equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of Maragua Sub County Level 4 Hospital, both domestic and external. The related parties include:

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

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iv) Key Management

| Description  | FY<br>2024/2025 | FY<br>2023/2024 |
|--|-----------------|-----------------|
|  | Kshs            | Kshs            |
| <b>Transactions with related parties</b>               |                 |                 |
| <b>a) Services offered to related parties</b>          |                 |                 |
| Services to  | -               | -               |
| Sales of services to                                   | -               | -               |
| <b>Total</b>   | -               | -               |
| <b>b) Grants from the Government</b>                   |                 |                 |
| Grants from County Government                          | -               | -               |
| Grants from the National Government Entities           | -               | -               |
| Donations in kind                                      | 18,000          | 605,000         |
| <b>Total</b>   | <b>18,000</b>   | <b>605,000</b>  |
| <b>c) Expenses incurred on behalf of related party</b> |                 |                 |
| Payments of salaries and wages for employees           | -               | -               |
| Payments for goods and services for                    | -               | -               |
| <b>Total</b>   | -               | -               |
| <b>d) Key management compensation</b>                  |                 |                 |
| Board of management emoluments                         | 228,000         | 82,500          |
| Compensation to the medical Sup                        | -               | -               |
| Compensation to key management                         | -               | -               |
| <b>Total</b>   | <b>228,000</b>  | <b>82,500</b>   |

**46. Segment Information**

Maragua Sub County Level 4 Hospital does not have other departments on different regions therefore no segment reporting was done, just one main report.

**47. Contingent Liabilities**

| Contingent liabilities                  | FY<br>2024/2025 | FY<br>2023/2024 |
|---|-----------------|-----------------|
|   | Kshs            | Kshs            |
| Court case against the hospital         | -               | -               |
| Bank guarantees in favour of subsidiary | -               | -               |
| <b>Total</b>                            | -               | -               |

**48. Capital Commitments**

| <b>Capital Commitments</b>    | <b>FY<br/>2024/2025</b> | <b>FY<br/>2023/2024</b> |
|-------------------------------|-------------------------|-------------------------|
|                               | <b>Kshs</b>             | <b>Kshs</b>             |
| Authorised For                | -                       | -                       |
| Authorised And Contracted For | -                       | -                       |
| <b>Total</b>                  | -                       | -                       |

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

Maragua Sub-County Hospital is a Level 4 Hospital under the Department of Health & Sanitation. Its ultimate parent is the County Government of Murang'a.

**51. Currency**

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

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**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:                          | Timeframe:   |
|--|--|--|----------------------------------|--|
|  |  |  | <i>(Resolved / Not Resolved)</i> | <i>(Put a date when you expect the issue to be resolved)</i> |
|  | <b>Basis of Qualified Opinion</b>                              |  |                                  |  |
| 1.1  | Transfers From County Government                               | The variance of Kshs. 2,196,927 was reconciled, financial statement amended and audited.   | Resolved                         |  |
| 1.2  | Grants from Donors and Development Partners Amounts            | The variance of Kshs. 114,000 was reconciled, financial statement amended and audited.   | Resolved                         |  |
| 2  | Undisclosed Waivers in the Financial Statement                 | It is true that revenue from exchange transaction of Kshs. 9,066,795 is net of waivers amounting to Kshs. 1,527,290.   | Resolved                         |  |
|  |  | The waivers of Kshs. 1,527,290 are supported by Waiver Authority Forms   |                                  |  |
| 3  | Unsupported Income-Miscellaneous Income-Interns                | Detailed documents to support miscellaneous income (for interns) of 1,940,750 has been provided. They include a list of students, and invoices have been attached for review   | Resolved                         |  |
| 4  | Variance Between Financial Statements and Supporting Schedules | The variances were reconciled, financial statement amended and audited.  |                                  |  |
| 5  | Unsupported Capital Fund                                       | The schedule for capital fund of Kshs.127,288,929 indicating the buildup of the balance was not provided. We are in the process of reconciling the statement of changes in net assets with the fund balances to show the movement of the capital fund balance. | Resolved                         |  |
| 6  | Unsupported Property, Plant and Equipment Balance              | Asset register with detailed schedule indicating the asset description, location and cost is attached in annex 5.  | Resolved                         |  |
|  |  | The assets were not depreciated, the county has established an asset and liability committee as provided   | Resolved                         |  |

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|   |   |  |            |        |
|---|---|--|------------|--------|
|   |   | by national assets and liability management policy. The committee will come up with a depreciation policy that will be subjected to the required approval process. When approved, property, plant and equipment will be subjected to depreciation. |            |        |
| 7 | Failure to Undertake Stock Taking               | Stock taking was done as evidenced by appointment of stock taking committee on 26 <sup>th</sup> June 2024.   | Resolved   |        |
|   |   | However, the report of stock taking is not included in the financial statement because the cost of some items could not be determined. The valuation of the items will be done for subsequent inclusion in the financial statement.                | Resolved   |        |
|   | Lack of approved budget                         | revised approved budget of Kshs. 15,126,742 is attached  |            |        |
|   | Inaccurate presentation of financial statements | The fiduciary oversight management were disclosed in the Audited Financial Statement   | Resolved   |        |
|   |   | Details of entity's banker were disclosed in page iv (h) of the audited Financial Statement.   |            |        |
|   |   | The board of directors' information has been fully disclosed in the recommended format in page v of the audited Financial Statement.   | Resolved   |        |
|   |   | Key management passport size photo has not been disclosed however the remedial action has been taken in the subsequent financial statement.  | Resolved   |        |
|   |   | Chairman's statement shows details of the key activities during the year, successes consolidated, challenges being faced, and the way forward or future outlook for the hospital as is stipulated in page vii of the Audited Financial Statement.  | Resolved   |        |
|   |   | Report of board of management on page XXVI indicate financial statement for the year ended 30 June, 2024.  | Resolved   |        |
|   |   | Statement cash flow reflects cash and cash equivalent balance of Kshs.66,423,234 and not Kshs.7,530,899 as stipulated in 32 note 9 of the Audited Financial Statement.   | Resolved   |        |
|   | Lack of risk management policy                  | The risk management policy for Murang'a County Government and its entities has been developed and is awaiting County Executive Committee and the County Assembly approval.   | unresolved | Mar-26 |
|   | Lack of a Finance and Accounting Policy Manual  | The Finance & Accounting Manual for Murang'a County Government and its entities has been developed and is awaiting adoption by the Executive Committee and approval by the County Assembly.  | unresolved | Mar-26 |

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**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 Maragua Sub County Level 4 Hospital 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**

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

**Projects**

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/<br>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.....

Name of Beneficiary entity.....

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

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

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

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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

