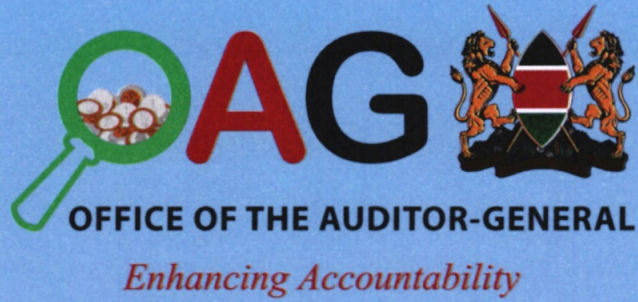


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

NYANG'OMA SUB-COUNTY LEVEL 4  
HOSPITAL

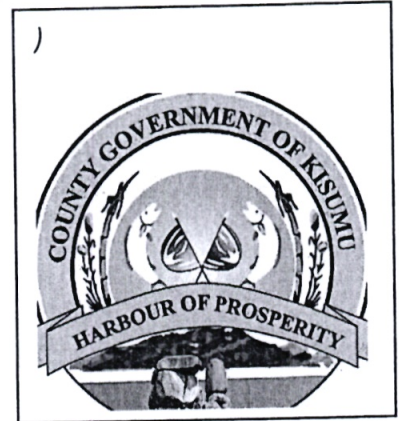
FOR THE YEAR ENDED  
30 JUNE, 2023

COUNTY GOVERNMENT OF KISUMU

25/09/24  
S.M.L  
Angela



OFFICE OF THE AUDITOR GENERAL  
**RECEIVED**  
★ 29 SEP 2023 ★  
P. O. BOX 1100, KISUMU



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# **NYANG'OMA SUB - COUNTY HOSPITAL**

**(Kisumu County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

---

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

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**Ngoma Hospital (Kisumu County Government)**  
**Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

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## **1. Acronyms & Glossary of Terms**

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

## **2. Key Entity Information and Management**

### **(a) Background information**

Nyan'goma Sub- County Hospital is a level IV hospital established under gazette notice number of 2017 and is domiciled in Kisumu County under the Health & Sanitation Department. The hospital is governed by a Board of Management.

### **(b) Principal Activities**

#### **Mission:**

To transform the livelihood of the people of Kisumu County through responsive and sustainable technologically-driven evidence -based and client centred health system for accelerated attainment of highest standards of health

#### **Vision**

Adynamic, excellent, and globally competitive county health services, that contribute to a healthy and productive population

## **V Management**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Medical Superintendent	<b>Cedrick Ogolla</b>
2.	Health Administrative Officer	<b>Steven Anyul</b>
3.	Nursing officer In-charge	<b>Josephine Adhiang</b>

### 3. The Board of Management

Ref	Directors	Details
1.	George Adoyo Magolo	Chairman
2.	Moses Otieno Liech	Financial Management
3.	Markdaff Ochieng	Professional Organisation
4.	Roselyne Auma pele	Women Rep
5.	Geoffrey Otieno	Youth
6.	Paul Onyango	HCSO
7.	Dorcas Akoth Okoth	PWD
8.	Cedrick Ogolla	Medsupt-Secretary

### 4. Key Management Team

Designation	Name
Medical Superintendent	<b>Cedrick Ogolla</b>
Health Administrative Officer	<b>Steven Anyul</b>
Nursing officer In-charge	<b>Josephine Adhiang</b>

### 5. Chairman's Statement

A variety of activities were carried out in the F/Y 2022/2023, including board meetings to discuss emerging and recurring concerns. Due to the implementation of the Facility Improve Fund legislation, significant progress has been made, particularly in the areas of infrastructure development, increased staff capacity, and even collection.

Name: GEORGE ADAM MALOZO

Sign.....[Signature].....

## **I. Management Discussion and Analysis**

Clarified accountability for results, improved teamwork and effective communication, career development for staff, and better coordination of roles and responsibilities to prevent overlap and duplication of duties and effort are all factors to be taken into account while restructuring an organization. The organization can resource and maintain critical talents and expertise within the organization by using the proper structures. The Hospital Management Board will be in charge of Nyang'oma's overall management and governance. The County Government of Kisumu's policies are followed in the appointment of the Board members. The Medsupt is in charge of running the hospital on a daily basis.

## II. Environmental And Sustainability Reporting

### Environmental performance

Nyang'oma is using the National Health Care Waste Management policy guideline which is guiding us in the management of the waste that we generate in the organization and we have a copy of the policy.

#### Successes

- We are having colour-coded bins [receptacles] at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have waste treatment equipment within the organization that helps us treat our waste and we only dispose off non-contaminated waste to the dumping site.

### Employee welfare

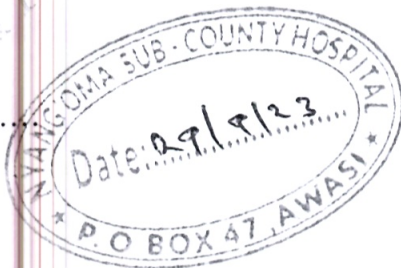
Hiring process involves bringing new employees on board. This is the mandate of the County Public Service Board reference made from the Public Service Commission Human Resource Manual and procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee

sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by the government institutions

  
Cedrick Ogolla

**Board Secretary**



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

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the *hospital's* affairs.

#### **Principal activities**

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services in both east and central Africa.

#### **Results**

The results of the entity for the year ended June 30 are set out on page 1 to 9 Board of Management The members of the Board who served during the year are shown on page xii.

#### **Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with

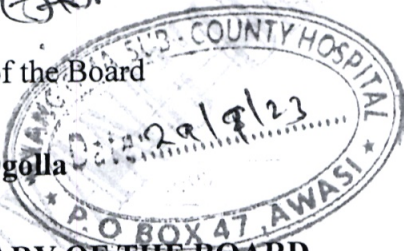
Article 229 of the Constitution of Kenya and the Public Audit Act 2015



By Order of the Board

Cedrick Ogolla

**SECRETARY OF THE BOARD**



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

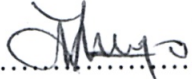
Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that *Nyang'oma*, which give a true and fair view of the state of affairs of the *Nyang'oma* at the end of the financial year 2022/2023 and the operating results of the for that year/period. The Board of Management is also required to ensure that the *Nyang'oma* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Nyang'oma*. The council members are also responsible for safeguarding the assets of the *Nyang'oma*.


The Board of Management is responsible for the preparation and presentation of the *Nyang'oma* financial statements, which give a true and fair view of the state of affairs of the *Nyang'oma* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Nyang'oma*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

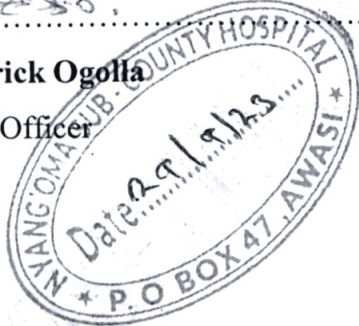
The Board of Management accepts responsibility for the *Nyang'oma* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the *Nyang'oma* financial statements give a true and fair view of the state of *Nyang'oma* transactions during the financial year ended June 30, 2023, and of the *Nyang'oma* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *Nyang'oma* which have been relied upon in the preparation of the *Nyang'oma* 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 the *Nyang'oma* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

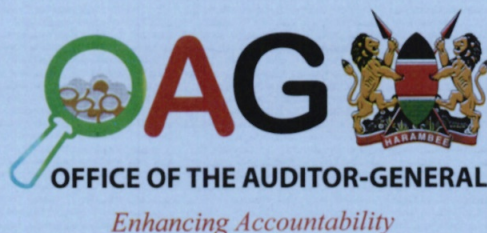
The Hospital's financial statements were approved by the Board on 29/9/2023 and signed on its behalf by:

  
.....  
Name: GEORGE ADNY *malolo*  
Chairperson  
Board of Management

  
.....  
Name: **Cedrick Ogolla**  
Accounting Officer



# REPUBLIC OF KENYA



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

## REPORT OF THE AUDITOR-GENERAL ON NYANG'OMA SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF KISUMU

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### PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

#### Adverse Opinion

I have audited the accompanying financial statements of Nyang'oma Sub-County Level 4 Hospital - County Government of Kisumu set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

performance, the statement of changes in net asset, statement of cash flows and statement of comparison of budget and actual amounts for the year 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nyang'oma Sub-County Level 4 Hospital - County Government of Kisumu as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012, the County Government Act, 2012 and the Health Act, 2017.

### **Basis for Adverse Opinion**

#### **1. Misstatement of Financial Statements Balances**

Review of the financial statements revealed variances between reported amounts and supporting ledgers as detailed below:

<b>Audit Component</b>	<b>Financial Statement Balances (Kshs)</b>	<b>Ledger Balances (Kshs)</b>	<b>Variance (Kshs)</b>
Rendering of Service	708,316	127,830	580,486
Medical/ Clinical Costs	727,708	429,780	297,928
Employee Costs	355,000	246,000	109,000
Repairs and Maintenance	50,000	64,000	14,000
General Expenses	881,995	190,483	691,512
Receivable from Exchange Transactions	633,252	260,750	372,502
Trade and Other Payables	253,000	972,920	719,920

Further, the accumulated surplus balance has not been included in the statement of financial position. In addition, the statement of financial performance reflects a total amount of Kshs.1,152,280 as total expenses, however, recasting of the amounts totals to Kshs.2,034,275 resulting to a variance of Kshs.881,995 which was not explained or supported.

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

## **2. Non-Disclosure of Employee Costs Paid In-Kind by the County Government**

The statement of financial performance and Note 7 to the financial statements reflects an amount of Kshs.800,000 as in-kind contributions from the County Government. The amount excludes employee costs paid in kind by the County Government. The Hospital received services from five (5) clinical officer staff employed and paid by the county. However, the expenditure was not disclosed in the financial statements and the payroll was not provided for audit verification.

In the circumstances, the accuracy and completeness of Kshs.800,000 as in-kind contributions from the County Government could not be confirmed.

## **3. Unsupported Receivables from Non-Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.682,647 which differs with the balance reflected in the corresponding Note 29 to the financial statements of Kshs.746,882 resulting to an unreconciled variance of Kshs.64,235. Further, no supporting documents were provided in support of the balance.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions balance of Kshs.682,647 could not be confirmed.

## **4. Unconfirmed National Health Insurance Fund (NHIF) Claims**

The statement of financial performance reflects revenue from transfers from other Government entities of Kshs.149,158 which is in respect of transfers from National Health Insurance Fund (NHIF). However, from the NHIF's data, the Hospital received a capitation of Kshs.9,800 from NHIF that differed by an amount of Kshs.139,358 from Kshs.149,158 as reported in the financial statement.

In the circumstances, the accuracy of revenue transfers from other Government entities of Kshs.149,158 could not be confirmed.

## **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.102,471 as disclosed in Note 27 to the financial statements. However, the bank reconciliation statements were not provided for audit.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.102,471 could not be confirmed.

## **6. Non-Disclosure of Grants from Donors and Development Partners**

The statement of financial performance reflects Nil balance in respect of grants from Donors and Development Partners. However, information available from Kenya Medical Supplies Agency revealed that the Hospital received medical and pharmaceutical drugs valued at Kshs.7,151,935 and Kshs.327,416 all totalling Kshs.7,479,351 from

International Donors and Government of Kenya respectively. These revenue in kind totalling to Kshs.7,479,351 was not recognized in the financial statements.

In the circumstance, the revenue amount for the year had been understated by Kshs.7,479,351 and the accountability for the medical drugs could not be confirmed.

#### **7. Failure to Disclose Property, Plant and Equipment Balance**

The statement of financial position reflects a Nil balance under property, plant and equipment. However, review of records and physical verification revealed that the entity had several non-current assets that have not been valued and disclosed in the financial statements. Further, ownership documents for the land, equipment, motor vehicle and motorcycles were not provided for audit. In addition, the assets are not tagged for ease of identification and tracking and no asset register was maintained indicating the cost of acquisition, date of acquisition and net book values.

In the circumstances, the accuracy, existence and ownership of the Nil Hospital assets could not be confirmed.

#### **8. Non-Disclosure of Inventory Balances**

The statement of financial position and Note 30 to the financial statements reflects a Nil balance in respect of inventories. During the year under review, the Hospital procured food items, office stationery and supplies, pharmaceuticals and non-pharmaceuticals for its operations that were received and recorded in the stores before dispensed to laboratory, pharmacy, wards, kitchen, offices and outpatient units. However, the inventories were not valued and the balance was not included in the financial statements as at 30 June, 2023.

In the circumstances, the accuracy of the Nil inventory held by the Hospital could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.1,604,356 and Kshs.1,604,356 respectively resulting to a 100% funding of the budget. However, the Hospital spent Kshs.2,034,275 against actual receipts of Kshs.1,604,356 resulting to an over-utilization of Kshs.429,919 or 27% of the budget whose approval was not provided.

The under-funding and underutilization 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. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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 Public Sector Accounting Standards Board Requirements**

Review of financial statements submitted for audit revealed that the key details regarding the Board of Management, which include; passport photos, age, professional and academic qualifications have not been included in the financial statements. Further, the comparative previous year's balances have not been disclosed in the statement of financial position and the financial statements page headers have been manually edited.

In the circumstances, Management did not comply with the recommended template by the Public Sector Accounting Standards Board Template.

#### **2. Non-compliance with Universal Health Coverage (UHC) Requirements**

##### **2.1. Inadequate Staffing**

Review of records provided revealed that the Hospital staffing does not meet the requirements of the Kenya Quality Model for Health Policy Guidelines for Level 4 Hospitals as tabulate below:

<b>S/N</b>	<b>Staff Requirements</b>	<b>Level 4 Standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
1.	Medical Officers	16	0	16	100
2.	Anesthesiologists	2	0	2	100
3.	General Surgeons	2	0	2	100

S/N	Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
4.	Gynecologists	2	0	2	100
5.	Pediatricians	2	0	2	100
6.	Radiologists	2	0	2	100
7.	Registered Community Health Nurses	75	7	68	91
	<b>Total</b>	<b>101</b>	<b>7</b>	<b>94</b>	<b>93</b>

On aggregate, the Hospital had a staff deficit of ninety-four (94) or 93% of the required personnel towards achieving the quality health model.

## 2.2. Sub-Optimal Equipping Level at the Hospital

Review of records and physical verification revealed that the Hospital does not have facilities to offer surgical, pediatric, radiology, gynecology, and renal services to the community as detailed below: -

S/N	Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
1.	Bed capacity	150	8	142	95
2.	Incubators (Newborn)	5	0	5	100
3.	Cots	5	0	5	100
4.	Resuscitaire in theatre	1	0	1	100
5.	Resuscitaire In Labour Ward	2	0	2	100
6.	Functional ICU Beds	6	0	6	100
7.	High Dependency Unit	6	0	6	100
8.	Renal Unit with Dialysis Machines	5	0	5	100
9.	Functional Operating Theatres Maternity and General	2	0	2	100

In addition, the Hospital does not have an incinerator for waste disposal hence does the open burning of the wastes leading to environmental pollution.

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

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

### **3. Failure to Transfer Revenue to the County Revenue Fund Account**

The statement of financial performance reflects rendering services-medical services income of Kshs.708,316 as disclosed in Note 11 to the financial statements. However, the amount was not transferred to the County Revenue Fund Account. This was contrary to Regulation 81 (1-3) of the Public Finance and Management (County Governments) Regulations 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 THE 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 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 overall governance were not effective.

##### **Basis for Conclusion**

###### **1. Lack of a Risk Management Policy**

During the year under review, Management of the Hospital did not have in place a risk management policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to develop risk management strategies and a system of risk management to enable the entity develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In the circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.

###### **2. Failure to Maintain an Approved Board Work Plan**

Review of Board records revealed that the Board had two meetings during the year under review. However, the approved Board work plan was not provided for audit.

In the circumstances, the effectiveness of the governance systems could not be confirmed.

### **3. Lack of Audit Committee and Internal Audit Unit Function**

During the year under review, the Hospital did not have an audit committee in place. In the absence of a functioning audit committee, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an audit committee did not occur which may affect good corporate governance at the Hospital. Further, no evidence was provided to confirm that the Hospital was subjected to internal audit review by the County Executive internal audit department.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

### **4. Internal Control Weaknesses in Management of Revenue**

Review of revenue collection system revealed that revenue collection was not automated and revenue collected was not banked promptly to the revenue collection account.

Further, the collected revenue was not transferred to the Kisumu County Revenue Fund (CRF) account but spent at the Hospital through an Authority to Incur Expenditure (AIE) issued by the Chief Officer for Health.

In the circumstances, the effectiveness of internal controls on revenue management could not be confirmed.

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

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

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 maintain effective internal control 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 assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or 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, the 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

27 June, 2024

**10. Statement of Financial Performance for The Year Ended 30 June 2023**


Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	746,882.00	2,549,834
In-kind contributions from the County Government	7	800,000.00	0
Grants from donors and development partners	8	00	0
Transfers from other Government entities	9	149,158.00	260,460
Public contributions and donations	10	00	0
		<b>1,696,040.00</b>	<b>2,810,294</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	708,316.00	2,930
Revenue from rent of facilities	12	00	0
Finance /Interest Income	13	00	0
Miscellaneous Income	14	00	0
		<b>708,316.00</b>	<b>2,930</b>
<b>Revenue from exchange transactions</b>		<b>2,404,356.00</b>	<b>2,813,224</b>
<b>Total revenue</b>			
<b>Expenses</b>			
Medical/Clinical costs	15	727,780.00	1,378,637
Employee costs	16	355,000.00	602,000
Board of Management Expenses	17	19,500.00	
Depreciation and amortization expense	18	00	174,000
Repairs and maintenance	19	50,000.00	350,000
Grants and subsidies	20	00	0
General expenses	21	881,995.00	686,637
Finance costs	22	00	0
		<b>1,152,280.00</b>	<b>3,191,274</b>
<b>Total expenses</b>			
<b>Other gains/(losses)</b>			

NYANGOMA

**Nyahera Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statement for The Year Ended 30th June 2023**

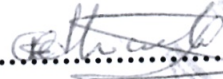
Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23		0
Unrealized gain on fair value of investments	24	00	0
Medical services contracts Gains/Losses	25	00	0
Impairment loss	26	(00)	0
Gain on foreign exchange transactions		00	0
<b>Total other gains/(losses)</b>		<b>00</b>	<b>0</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>1,252,076.00</b>	<b>(378,050)</b>

The Hospital's financial statements were approved by the Board on 29/9/2023 and signed on its behalf by:

  
.....

**Chairman**

**Board of Management**

  
.....

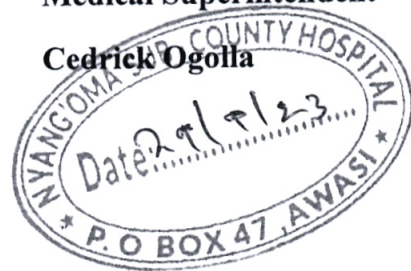
**Head of Finance**

**ICPAK No:**

  
.....

**Medical Superintendent**

**Cedrick Ogolla**



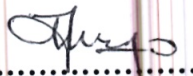
11. Statement of Financial Position As At 30<sup>th</sup> June 2023


Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	102,470.95	00
Receivables from exchange transactions	28	633,252.00	00
Receivables from non-exchange transactions	29	682,647.00	00
Inventories	30	00	00
<b>Total Current Assets</b>		<b>1,418,369.95</b>	<b>00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	00	00
Intangible assets	32	00	00
Investment property	33	00	00
<b>Total Non-current Assets</b>		<b>00</b>	<b>00</b>
<b>Total assets</b>		<b>00</b>	<b>00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	253,000.00	00
Refundable deposits from customers/Patients	35	00	00
Provisions	36	00	00
Finance lease obligation	37	00	00
Current portion of deferred income	38	00	00
Current portion of borrowings	39	00	00
Social Benefits	41	00	00
<b>Total Current Liabilities</b>		<b>253,000.00</b>	<b>00</b>
<b>Non-current liabilities</b>			
Provisions	36	00	00
Non-Current Finance lease obligation	37	00	00
Non-Current portion of deferred income	38	00	00
Non - Current portion of borrowings	39	00	00
Service concession liability	40	00	00
Social Benefits	41	00	00


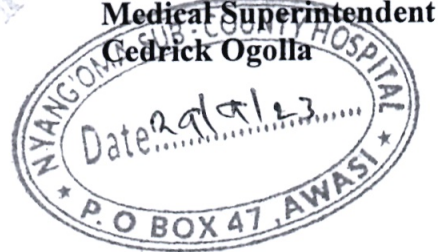
**NYANGOMA**  
**Nyahera Sub County Hospital (Kisumu County Government)**  
**Annual Report and Financial Statement for The Year Ended 30th June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Total Non-current liabilities</b>		00	00
<b>Total Liabilities</b>		<b>253,000.00</b>	00
<b>Net assets</b>			
Revaluation reserve		00	00
Accumulated surplus/Deficit		00	00
Capital Fund		00	00
		00	00
<b>Total Net Assets and Liabilities</b>		<b>1,418,369.95</b>	00

The Hospital's financial statements were approved by the Board on 29/9/2023 and signed on its behalf by:

  
 .....  
**Chairman**  
**Board of Management**

  
 .....  
**Head of Finance**  
**ICPAK No:**

  
 .....  
**Medical Superintendent**  
**Cedrick Ogolla**  


**12. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2022 (previous year)	00	00	00	00
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	00	-	00
Capital/Development grants	-	-	00	00
As at June 30, 2022 (previous year)	00	00	00	00
At July 1, 2023 (current year)	00	00	00	00
Revaluation gain	00	-	-	00
Surplus/(deficit) for the year	-	1,252,076.00	-	1,252,076.00
Capital/Development grants	-	-	00	00
At June 30, 2023 (current year)	00	1,252,076.00	00	1,252,076.00

Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		746,882.00	2,549,834
Grants from donors and development partners		00	0
Transfers from other Government entities		149,158.00	260,460
Public contributions and donations		00	0
Rendering of services- Medical Service Income		708,316.00	2,930
Revenue from rent of facilities		00	0
Finance / interest income		00	0
Miscellaneous receipts( <i>specify</i> )		00	0
<b>Total Receipts</b>		<b>1,604,356.00</b>	<b>2,813,224</b>
<b>Payments</b>			
Medical/Clinical costs		727,780.00	1,378,637
Employee costs		355,000.00	602,000
Board of Management Expenses		19,500.00	174,000
Repairs and maintenance		50,000.00	350,000
Grants and subsidies			0
General expenses		881,995.00	686,637
Finance costs			0
Refunds paid out		00	0
<b>Total Payments</b>		<b>1,152,280.00</b>	<b>3,191,274</b>
<b>Net cash flows from operating activities</b>	42	<b>0</b>	<b>(378,050)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets		(00)	0
Proceeds from the sale of property, plant, and equipment		00	0
Acquisition of investments		(00)	0
<b>Net cash flows used in investing activities</b>		<b>(00)</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		00	0
Repayment of borrowings		(00)	0

Niyangoma

**Nyahera Sub County Hospital (Kisumu County Government)**

**Annual Report and Financial Statement for The Year Ended 30th June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Capital grants received		00	0
<b>Net cash flows used in financing activities</b>		<b>(00)</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>00</b>	
Cash and cash equivalents as at *1 July	27	00	
<b>Cash and cash equivalents as at 30 June</b>	27	<b>102,470.95</b>	

### 13. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023

Description	Original budget	Adj ust men ts	Final budget	Actual on comparable basis	Performance difference	% of utilisati on
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Ksh s</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
Transfers from the County Government	746,882.00	00	746,882.00	746,882.00	00	100%
Grants from donors and development partners	00	00	00	00	00	%
Transfers from other Government entities	149,158.00	00	149,158.00	149,158.00	00	100%
Public contributions and donations	00	00	00	00	00	%
Rendering of services- Medical Service Income	708,316.00	00	708,316.00	708,316.00	00	100%
Revenue from rent of facilities	00	00	00	00	00	%
Finance / interest income	00	00	00	00	00	%
Miscellaneous receipts ( <i>specify</i> )	00	00	00	00	00	%
<b>Total income</b>	<b>1,604,356.00</b>	<b>00</b>	<b>1,604,356.00</b>	<b>1,604,356.00</b>	<b>00</b>	<b>100%</b>
<b>Expenses</b>						
Medical/Clinical costs	727,780.00	00	727,780.00	727,780.00	00	100%
Employee costs	355,000.00	00	355,000.00	355,000.00	00	100%
Remuneration of directors	19,500.00	00	19,500.00	19,500.00	00	100%
Repairs and maintenance	50,000.00	00	50,000.00	50,000.00	00	100%
Grants and subsidies		00			00	%
General expenses	881,995.00	00	881,995.00	881,995.00	00	100%
Finance costs	00	00	00	00	00	%
Refunds	00	00	00	00	00	%
<b>Surplus for the period</b>	<b>452,076.00</b>	<b>00</b>	<b>452,076.00</b>	<b>452,076.00</b>	<b>00</b>	<b>001%</b>
<b>Capital expenditure</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>%</b>

**Budget notes**

I. The budget was based based on the actuals

## 14. Notes to the Financial Statements

### 1. General Information

Nyang'oma Sub County Hospital is established by and derives its authority and accountability from Finance Act. The entity is wholly owned by the Kisumu County Government and is domiciled in County in Kenya. The entity's principal activity is 00.

### 2. Statement of Compliance and Basis of Preparation

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

## 3. Adoption of New and Revised Standards

## i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

Standard	Effective date and impact
	<p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i></li> </ul> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires: -</p> <ul style="list-style-type: none"> <li>i. 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:</li> <li>ii. 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.</li> </ul> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

*iii) Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

###### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Rental income**

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

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

**b. Budget information**

The original budget for FY 00 was approved by Board on 00x. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of 00x on the FY 00 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 00 under section 00 of these financial statements.

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)***f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Research and development costs**

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

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

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

**i. Financial instruments**

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

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

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

*Notes to the Financial Statements (Continued)*

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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

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

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s. Borrowing costs**

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

**t. Related parties**

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

*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. 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, 2023.

## 5. Significant Judgments and Sources of Estimation Uncertainty

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

### Estimates and assumptions.

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

### Useful lives and residual values

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

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

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 00. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	746,882.00	2,549,834
Level 5 grants	0	00
Unconditional development grants	0	00
Other grants	0	00
	<b>746,882.00</b>	<b>2,549,834</b>
<b>Conditional grants</b>		
User fee forgone	00	00
Transforming health services for Universal care project (THUCP)	0	00
DANIDA	0	00
Wards Development grant	0	00
Paediatric block grant	0	00
Administration block grant	0	00
Laboratory grant	0	00
<b>Total government grants and subsidies</b>	<b>746,882.00</b>	<b>2,549,834</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	746,882.00	0	0	0	2,549,834
<b>Total</b>	<b>746,882.00</b>	<b>0</b>	<b>00</b>	<b>00</b>	<b>2,549,834</b>

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022/23	2021/22
	KShs	KShs
Salaries and wages	00	00
Medical supplies-Drawings Rights (KEMSA)	800,000.00	00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	00	00
Utility bills	00	00
<b>Total grants in kind</b>	<b>800,000.00</b>	<b>00</b>

8. Grants From Donors and Development Partners

Description	2022/23	2021/22
	KShs	KShs
Cancer Centre grant- DANIDA	00	00
World Bank grants	00	00
Paediatric ward grant- JICA	00	00
Research grants	00	00
Other grants ( <i>specify</i> )	00	00
<b>Total grants from development partners</b>	<b>00</b>	<b>00</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	00	00	00	00	00
JICA	00	00	00	00	00
World Bank	00	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/23	2021/22
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from National Hospital Fund	149,158.00	0
Transfer from 00 Institute	00	00
<b>Total Transfers</b>	<b>149,158.00</b>	<b>00</b>

10. Public Contributions and Donations

Description	2022/23	2021/22
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	00	00
Other donations( <i>specify</i> )	00	00
Donations in kind-amortised	00	00
<b>Total donations and sponsorships</b>	<b>00</b>	<b>00</b>

10 (a) Reconciliations of amortised grants

Description	2022/23	2021/22
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>00</b>	<b>00</b>
Current year receipts	00	00
Amortised and transferred to revenue	00	00
<b>Conditions to be met – remain liabilities</b>	<b>00</b>	<b>00</b>

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022/23	2021/22
	Kshs	Kshs
Pharmaceuticals	77,120.00	00
Non-Pharmaceuticals	00	00
Laboratory	191,470.00	00
Compassionate Buoye/Gee		00
Male Ward		00
Records Dept.		00
Accident and Emergency Service		00
Marwa		00
Female Ward		00
Occupational Therapy	36,360.00	00
Cancer centre service		00
Medical Examination	13,250.00	00
Reproductive health		00
Paediatrics services		00
Outpatient		00
Other medical services income- Inpatient	390,116.00	00
<b>Total revenue from the rendering of services</b>	<b>708,316.00</b>	<b>0</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2022/23	2021/22
	Kshs	Kshs
Residential property	00	00
Commercial property	00	00
<b>Total Revenue from rent of facilities</b>	<b>00</b>	<b>00</b>

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2022/23	2021/22
	Kshs	Kshs
Cash investments and fixed deposits	00	00

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Interest income from short- term/ current deposits	00	00
Interest income from Treasury Bills	00	00
Interest income from Treasury Bonds	00	00
Interest from outstanding debtors	00	00
<b>Total finance income</b>	<b>00</b>	<b>00</b>

(Provide brief explanation for this revenue)

**14. Miscellaneous Income**

Description	2022/23	2021/22
	KShs	KShs
Insurance recoveries	00	00
Income from sale of tender	00	00
Services concession income	00	00
Sale of goods (water, publications, containers etc)	00	00
Write backs (Deposits, payments in advance etc)	00	00
Bad debts recovered	00	00
Others (Specify)	00	00
<b>Total Miscellaneous income</b>	<b>00</b>	<b>00</b>

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

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

**15. Medical/ Clinical Costs**

Description	2022/23	2021/22
	Kshs	Kshs
Dental costs/ materials	00	0
Laboratory chemicals and reagents	55,000.00	110,000
Public health activities	00	0
Food and Ration	127,000.00	104,000
Uniform, clothing, and linen	00	0
Dressing and Non-Pharmaceuticals	124,000.00	92,390
Pharmaceutical supplies	332,780.00	936,247
Health information stationery	0	81,000
Reproductive health materials	00	0
Sanitary and cleansing Materials	12,000.00	55,000

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Purchase of Medical gases	00	0
X-Ray/Radiology supplies	00	0
Other medical related clinical costs (Refined Fuels)		0
<b>Total medical/ clinical costs</b>	<b>727,780.00</b>	<b>1,378,637</b>

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

**16. Employee Costs**

Description	2022/23	2021/22
	Kshs	Kshs
Salaries, wages, and allowances	355,000.00	602,000
Contributions to pension schemes	00	0
Service gratuity	00	0
Performance and other bonuses	00	0
Staff medical expenses and Insurance cover		0
Group personal accident insurance and WIBA	00	0
Social contribution	00	0
Other employee costs ( <i>specify</i> )	00	0
<b>Employee costs</b>	<b>355,000.00</b>	<b>602,000</b>

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

**17. Board of Management Expenses**

Description	2022/23	2021/22
	Kshs	Kshs
Chairman's Honoraria	00	00
Sitting allowance	19,500.00	174,000.00
Mileage	00	00
Insurance expenses	00	00
Induction and training	00	00
Travel and accommodation allowance	00	00
Airtime allowances	00	00
<b>Total</b>	<b>19,500.00</b>	<b>174,000.00</b>

**18. Depreciation and Amortization Expense**

Description	2022/23	2021/22
	Kshs	Kshs

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Property, plant and equipment	00	00
Intangible assets	00	00
Investment property carried at cost	00	00
<b>Total depreciation and amortization</b>	<b>00</b>	<b>00</b>

### 19. Repairs And Maintenance

Description	2022/23	2021/22
	Kshs	Kshs
Property- Buildings	00	104,000
Medical equipment		56,000
Office equipment		0
Maintenance Plant & Machinery		0
Computers and accessories		0
Motor vehicle expenses	50,000.00	190,000
Maintenance of Computer Software		0
<b>Total repairs and maintenance</b>	<b>50,000.00</b>	<b>350,000</b>

### Notes to the Financial Statements (Continued)

#### 20. Grants And Subsidies

Description	2022/2023	2021/2022
	Current FY	Comparative FY
	Kshs	Kshs
Community development and social work	00	00
Education initiatives and programs	00	00
Free/ subsidised medical camp	00	00
Disability programs	00	00
Free cancer screening	00	00
Social benefit expenses	00	00
Other grants and subsidies( <i>specify</i> )	00	00
<b>Total grants and subsidies</b>	<b>00</b>	<b>00</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

#### 21. General Expenses

Description	2022/2023	2021/2022
	Current FY	Comparative FY
	Kshs	Kshs
Advertising and publicity expenses	00	00
Catering expenses	00	00
Waste management expenses	00	00

Description	2022/2023	2021/2022
	Kshs	Comparative FY Kshs
Insecticides and rodenticides	00	115,000
Audit fees	00	32,000
Bank charges	7,420.00	20,000
Conferences and delegations	00	130,000
Consultancy fees	00	76,027
Contracted services	50,000.00	8,610
Electricity expenses	105,000.00	
Fuel and Lubricants	77,000.00	
Insurance	00	
Research and development expenses	00	105,000
Purchase of computers	42,000.00	
Travel and accommodation allowance/DSA	16,000.00	
Other Fuels	29,483.00	150,000
Licenses and permits	00	
Courier and postal services	00	
General Office Supplies	24,000.00	
Hire charges	00	
Rent expenses	00	
Water and sewerage costs	00	
Skills development levies	00	
Telephone and mobile phone services	00	
Internet expenses	00	50,000
Staff training and development	00	
Subscriptions to professional bodies	00	
Subscriptions to newspapers periodical, magazines, and gazette notices	00	
Library books/Materials	00	
Parking charges	00	
<b>Total General Expenses</b>	<b>881,995.00</b>	<b>686,637</b>

22. Finance Costs

Description	2022/2023	2021/2022
	Current FY KShs	Comparative FY KShs
Borrowings (amortized cost) *	00	00
Finance leases (amortized cost)	00	00

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Interest on Bank overdrafts/Guarantees	00	00
Interest on loans from commercial banks	00	00
<b>Total finance costs</b>	<b>00</b>	<b>00</b>

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

Description	2022/2023	2021/2022
	KShs	Comparative FY KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
Other assets not capitalised ( <i>specify</i> )	00	00
<b>Total gain on sale of assets</b>	<b>00</b>	<b>00</b>

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

Description	2022/2023	2021/22
	KShs	Comparative FY KShs
Investments at fair value	00	00
<b>Total gain</b>	<b>00</b>	<b>00</b>

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

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

Description	2022/23	2021/22
	KShs	KShs
Comprehensive care contracts with NHIF	00	00
Non- Comprehensive contracts care with NHIF	00	00
Linda Mama Program	00	00
Waivers and Exemptions	00	00
<b>Total Gain/Loss</b>	<b>00</b>	<b>00</b>

**26. Impairment Loss**

Description	2022/23	2021/22
	KShs	KShs
Property, plant, and equipment	00	00
Intangible assets	00	00
<b>Total impairment loss</b>	<b>00</b>	<b>00</b>

**27. Cash And Cash Equivalent**

Description	2022/23	2021/22
-------------	---------	---------

	KShs	KShs
Current accounts	102,470.95	4583
On - call deposits	00	00
Fixed deposits accounts	00	00
Cash in hand	00	00
Treasury Disbursement	0	
<b>Total cash and cash equivalents</b>	<b>102,470.95</b>	<b>304583</b>

Notes to the Financial Statements (Continued)

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
National Bank		102,470.95	4583
		00	00
<b>Sub- total</b>		<b>102,470.95</b>	<b>00</b>
<b>b) On - call deposits</b>		<b>0</b>	
		00	00
		0	
		00	00
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>c) Fixed deposits account</b>		0	
Bank Name		00	00
		0	
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>d) Others(specify)</b>		00	00
cash in hand		00	00
Treasury Disbursement		0	300000
		0	
<b>Sub- total</b>		<b>00</b>	<b>00</b>
<b>Grand total</b>		<b>102,470.95</b>	<b>304583</b>

28. Receivables From Exchange Transactions

Description	2022/23	2021/22
	KShs	KShs
Medical services receivables	633,252.00	00

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Rent receivables	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
<b>Total receivables</b>	<b>633,252.00</b>	<b>00</b>

**Analysis of Receivables From Exchange Transactions**

Description	2022/2023		2021/2022	
	Kshs		Comparative FY Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	633,252.00	70%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

Description	2022/23	2021/22
	KShs	KShs
Transfers from the County Government	746,882.00	00
Undisbursed donor funds	00	00
Other debtors ( <i>non-exchange transactions</i> )	00	00
Less: impairment allowance	(00)	(00)
<b>Total</b>	<b>746,882.00</b>	<b>00</b>

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

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

Description	2022/2023		2021/2022	
	Kshs		Comparative FY Kshs	
	Current FY	% of the total	Comparative FY	% of the total

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Less than 1 year	746,882.00	41%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total (a+b)</b>	<b>746,882.00</b>	<b>%</b>	<b>00</b>	<b>%</b>

**30. Inventories**

Description	2022/2023	2021/2022
	KShs	KShs
Pharmaceutical supplies	00	00
Maintenance supplies	00	00
Food supplies	00	00
Linen and clothing supplies	00	00
Cleaning materials supplies	00	00
General supplies	00	00
Less: provision for impairment of stocks	(00)	(00)
<b>Total</b>	<b>00</b>	<b>00</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2023 (previous year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	-	-	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfers/adjustments	00	00	(00)	00			00	(00)
<b>At 30<sup>th</sup> Jun 2023</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
At 1 July 2023 (current year)	00	00	00	00	00	00	00	00
Additions	00	00	00	00	00	00	00	00
Disposals	(00)	(00)	(00)	(00)	(00)	(00)	(00)	(00)
Transfer/adjustments		00		00			(00)	-
<b>At 30<sup>th</sup> Jun 2023</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Depreciation and impairment</b>								
At 1 July 2023 (previous year)		00	00	00	00	00		00
Depreciation for the year		00	00	00	00	00		00
Disposals		(00)	(00)	(00)	(00)	(00)		(00)
Impairment		(00)	(00)	(00)	(00)	(00)		(00)
<b>At 30 June 2023</b>		<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>		<b>00</b>

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**Nyahera Sub County Hospital (Kisumu County Government)**

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2023 (current year)		00	00	00	00	00		00
Depreciation		00	00	00	00	00		00
Disposals		(00)	(00)	(00)	(00)	(00)		(00)
Impairment		(00)	(00)	(00)	(00)	(00)		(00)
Transfer/adjustment		00	-	00	-	-	(00)	(00)
<b>At 30<sup>th</sup> June 2023</b>		<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2023 (previous)	00	00	00	00	00	00	00	00
At 30 <sup>th</sup> Jun 2023 (current)	00	00	00	00	00	00	00	00

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/23	2021/22
	KShs	KShs
<b>Cost</b>		
At beginning of the year	00	00
Additions	00	00
Additions-Internal development	00	00
Disposal	(00)	(00)
At end of the year	<b>00</b>	<b>00</b>
<b>Amortization and impairment</b>		
At beginning of the year	00	00
Amortization for the period	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	<b>00</b>	<b>00</b>

33. Investment Property

Description	2022/23	2021/22
	KShs	KShs
At beginning of the year	<b>00</b>	<b>00</b>
Additions	00	00
Disposals during the year	(00)	(00)
Fair value gain	00	00
Depreciation (where investment property is at cost)	(00)	(00)
Impairment	(00)	(00)
At end of the year	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	23,000.00	00
Employee dues	230,000.00	00
Third-party payments (e.g. unremitted payroll deductions)	00	00
Audit fee	00	00

NYAHERIA

**Nyahera Sub County Hospital (Kisumu County Government)**  
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Description	2022/2023		2021/2022	
	KShs		KShs	
Doctors' fee	00		00	
<b>Total trade and other payables</b>	<b>253,000.00</b>		<b>00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
	253,000.00	10%	00	%
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

Description	2022		2023	
	KShs		KShs	
Medical fees paid in advance	00		00	
Credit facility deposit	00		00	
Rent deposits	00		00	
Others ( <i>specify</i> )	00		00	
<b>Total deposits</b>	<b>00</b>		<b>00</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	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)

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Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Change due to discount & time value for money	(00)	(00)	(00)	(00)
<b>Total provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
<b>Total Provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

### 37. Finance Lease Obligation

Description	2022/23	2021/22
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### 38. Deferred Income

Description	2022/23	2021/22
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
<b>Balance b/f</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additions during the year	00	00	00	00
Transfers to Capital fund	(00)	(00)	(00)	(00)
Transfers to statement of financial performance	(00)	(00)	(00)	(00)
Other transfers ( <i>Specify</i> )	(00)	(00)	(00)	(00)
<b>Balance C/F</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

### 39. Borrowings

Description	2022/23	2021/22
	KShs	KShs
<b>Balance at beginning of the period</b>	<b>00</b>	<b>00</b>
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	(00)
Repayments of domestic borrowings during the year	(00)	(00)
<b>Balance at end of the period</b>	<b>00</b>	<b>00</b>

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

Description	2022/23	2021/22
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### Notes to the Financial Statements (Continued)

#### 40. Service Concession Arrangements

Description	2022/23	2021/22
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	(00)	00
<b>Net carrying amount</b>	<b><u>00</u></b>	<b><u>00</u></b>
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	(00)	(00)
<b>Service concession liability at end of the year</b>	<b><u>00</u></b>	<b><u>00</u></b>

#### 41. Social Benefit Liabilities

Description	2022/23	2021/2022
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
People Living with Disabilities benefit Scheme	00	00
Elderly social benefit scheme	00	00

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Bursary social benefits	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
Current social benefits	00	00
Non- current social benefits	00	00
<b>Total (tie to totals above)</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

#### 42. Cash Generated from Operations

Description	2022/23	2021/2022 Comparative FY
	KShs	KShs
Surplus for the year before tax	00	00
<b>Adjusted for:</b>		
Depreciation	00	00
Non-cash grants received	(00)	(00)
Impairment	00	00
Gains and losses on disposal of assets	(00)	(00)
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
<b>Working Capital adjustments</b>		
Increase in inventory	(00)	(00)
Increase in receivables	(00)	(00)
Increase in deferred income	00	00
Increase in payables	00	00
Increase in payments received in advance	00	00
<b>Net cash flow from operating activities</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

**43. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023 (previous year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2023 (current year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

**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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 00x. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company 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 2023</b>				
Trade payables	00	24380	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2023</b>				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
<b>Net foreign currency asset/(liability)</b>	<b>00</b>	<b>00</b>	<b>00</b>

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

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022/23	2021/22
	KShs	KShs
<b>Cost</b>		
At beginning of the year	00	00
Additions	00	00
Additions-Internal development	00	00
Disposal	(00)	(00)
At end of the year	00	00
<b>Amortization and impairment</b>		
At beginning of the year	00	00
Amortization for the period	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	00	00

33. Investment Property

Description	2022/23	2021/22
	KShs	KShs
At beginning of the year	00	00
Additions	00	00
Disposals during the year	(00)	(00)
Fair value gain	00	00
Depreciation (where investment property is at cost)	(00)	(00)
Impairment	(00)	(00)
At end of the year	00	00

Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022/2023	2021/2022
	KShs	KShs
Trade payables	23,000.00	00
Employee dues	230,000.00	00
Third-party payments (e.g. unremitted payroll deductions)	00	00
Audit fee	00	00

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Description	2022/2023		2021/2022	
	KShs		KShs	
Doctors' fee	00		00	
<b>Total trade and other payables</b>	<b>253,000.00</b>		<b>00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
	253,000.00	10%	00	%
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

Description	2022		2023	
	KShs		KShs	
Medical fees paid in advance	00		00	
Credit facility deposit	00		00	
Rent deposits	00		00	
Others ( <i>specify</i> )	00		00	
<b>Total deposits</b>	<b>00</b>		<b>00</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	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
<b>Total</b>	<b>00</b>	<b>%</b>	<b>00</b>	<b>%</b>

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

**36. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additional Provisions	00	00	00	00
Provision utilised	(00)	(00)	(00)	(00)

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Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Change due to discount & time value for money	(00)	(00)	(00)	(00)
<b>Total provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Current Provisions	00	00	00	00
Non-Current Provisions	00	00	00	00
<b>Total Provisions</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

### 37. Finance Lease Obligation

Description	2022/23	2021/22
	Kshs	Kshs
Current Lease obligation	00	00
Long term lease obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### 38. Deferred Income

Description	2022/23	2021/22
	KShs	KShs
Current Portion	00	00
Non-Current Portion	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

### Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
<b>Balance b/f</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
Additions during the year	00	00	00	00
Transfers to Capital fund	(00)	(00)	(00)	(00)
Transfers to statement of financial performance	(00)	(00)	(00)	(00)
Other transfers ( <i>Specify</i> )	(00)	(00)	(00)	(00)
<b>Balance C/F</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

### 39. Borrowings

Description	2022/23	2021/22
	KShs	KShs
<b>Balance at beginning of the period</b>	<b>00</b>	<b>00</b>
External borrowings during the year	00	00
Domestic borrowings during the year	00	00
Repayments of external borrowings during the year	(00)	(00)
Repayments of domestic borrowings during the year	(00)	(00)
<b>Balance at end of the period</b>	<b>00</b>	<b>00</b>

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

Description	2022/23	2021/22
	KShs	KShs
Current Obligation	00	00
Non-Current Obligation	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

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

**40. Service Concession Arrangements**

Description	2022/23	2021/22
	KShs	KShs
Fair value of service concession assets recognized under PPE	00	00
Accumulated depreciation to date	(00)	00
<b>Net carrying amount</b>	<b>00</b>	<b>00</b>
Service concession liability at beginning of the year	00	00
Service concession revenue recognized	(00)	(00)
<b>Service concession liability at end of the year</b>	<b>00</b>	<b>00</b>

**41. Social Benefit Liabilities**

Description	2022/23	2021/2022
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
People Living with Disabilities benefit Scheme	00	00
Elderly social benefit scheme	00	00

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Bursary social benefits	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
Current social benefits	00	00
Non-current social benefits	00	00
<b>Total (tie to totals above)</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

#### 42. Cash Generated from Operations

Description	2022/23	2021/2022
	KShs	Comparative FY KShs
Surplus for the year before tax	00	00
<b>Adjusted for:</b>		
Depreciation	00	00
Non-cash grants received	(00)	(00)
Impairment	00	00
Gains and losses on disposal of assets	(00)	(00)
Contribution to provisions	00	00
Contribution to impairment allowance	00	00
<b>Working Capital adjustments</b>		
Increase in inventory	(00)	(00)
Increase in receivables	(00)	(00)
Increase in deferred income	00	00
Increase in payables	00	00
Increase in payments received in advance	00	00
<b>Net cash flow from operating activities</b>	<b>00</b>	<b>00</b>

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

**43. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023 (previous year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2023 (current year)</b>				
Receivables from exchange transactions	00	00	00	00
Receivables from –non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 00x. The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company 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 2023</b>				
Trade payables	00	24380	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>
<b>At 30 June 2023</b>				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Deferred income	00	00	00	00
Employee benefit obligation	00	00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	<b>00</b>	<b>00</b>	<b>00</b>

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	<b>00</b>	<b>00</b>	<b>00</b>

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company'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>2023 (previous year)</b>			
Euro	10%	00	00
USD	10%	00	00
<b>2023 (current year)</b>			
Euro	10%	00	00
USD	10%	00	00

b) Interest rate risk

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

Management of interest rate risk

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

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

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 00 (2023: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 00 (2023 – KShs 00).

**iv) Capital Risk Management**

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	00	00
Retained earnings	00	00
Capital reserve	00	00
<b>Total funds</b>	00	00
Total borrowings	00	00
Less: cash and bank balances	(00)	(00)
Net debt/ (excess cash and cash equivalents)	00	00
<b>Gearing</b>	xx%	xx%

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

Description	2022/23	2021/22
	KShs	KShs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to 00	00	00
Sales of services to 00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>b) Grants from the Government</b>		
Grants from County Government	00	00
Grants from the National Government Entities	00	00
Donations in kind	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for 00 employees	00	00
Payments for goods and services for 00	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<b>d) Key management compensation</b>		

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Description	2022/23	2021/22
	Kshs	Kshs
Directors' emoluments	00	00
Compensation to the medical Sup	00	00
Compensation to key management	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**45. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**46. Contingent Liabilities**

Contingent liabilities	2022/23	2021/22
	Kshs	Kshs
Court case 00 against the company	00	00
Bank guarantees in favour of subsidiary	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

*(Give details)*

**47. Capital Commitments**

Capital Commitments	2022/23	2021/22
	Kshs	Kshs
Authorised For	00	00
Authorised And Contracted For	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of 00. Its ultimate parent is the County Government of 00.

**50. Currency**

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

NYAHERA SUB COUNTY HOSPITAL LEVEL 4 HOSPITAL FS

X4A1Goma

**15. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

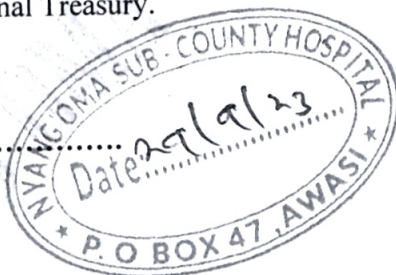
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

**Guidance Notes:**

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

.....  
**Accounting Officer**



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

**Projects**

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate reporting per the agreement
1					
2					

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which t)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget
1					
2					
3					

**Appendix III: Inter-Entity Confirmation Letter**

*[2022/2023 your Letterhead]*

*[2022/2023 name of beneficiary entity]*

*[2022/2023 Address]*

The *[2022/2023 SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[2022/2023 name of beneficiary entity]</i> as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30 <sup>th</sup> June 2023				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accounts Department of the beneficiary entity:**

Name ..... *E. Omuriga* ..... Sign ..... *[Signature]* ..... Date ..... *29/9/23* .....

NYANG'OMA

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NYANG'OMA LEVEL 4 HOSPITAL

NYANGOMI

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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		

**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

NYANGOMA LEVEL 4 HOSPITAL'S