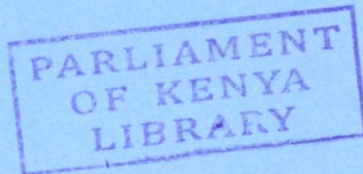


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

23

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	17/2/20
ON Tabled BY	Se. (Dr) telegu
COMMITTEE	
CLERK AT THE TABLE	Tiffany

WESU SUB COUNTY HOSPITAL

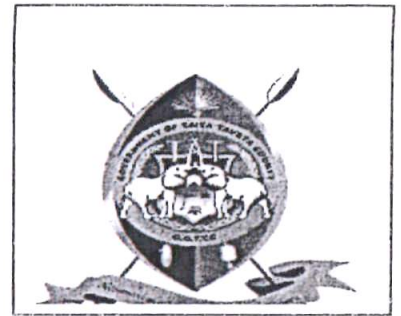
FOR THE YEAR ENDED
30 JUNE, 2025

TAITA TAVETA COUNTY GOVERNMENT



Handwritten signature or scribble in blue ink, appearing to be a stylized name or initials.

Revised 30th June 2025



Wesu Sub County Hospital
Taita Taveta County Government

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



Table of Contents

1. Acronyms & Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Management.....	vi
4. Key Management Team.....	ix
5. Chairman’s Statement.....	xi
6. Report of The Medical Superintendent.....	xiii
7. Statement of Performance Against Predetermined Objectives.....	xvi
8. Corporate Governance Statement.....	xvi
9. Management Discussion and Analysis.....	xix
10. Environmental And Sustainability Reporting.....	xxi
11. Report of The Board of Management.....	xxiii
12. Statement of Board of Management’s Responsibilities.....	xxvii
13. Report of the Independent Auditor Wesu sub Couty Hospital.....	xxix
14. Statement of Financial Performance for The Year Ended 30 June 2025.....	1
15. Statement of Financial Position As At 30th June 2025.....	3
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025.....	5
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025.....	8
19. Notes to the Financial Statements.....	9
20. Appendices.....	60

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

Wesu sub-county Hospital is a level (4) hospital established under gazette notice number Vol. CXXII No. 24 dated 4th February, 2020 and is domiciled in Taita Taveta County under the health Department. The hospital is governed by a Board of Management and is located 7km from Wundanyi town. The primary catchment population for the hospital currently is 8195. There are at least 10 lower facilities that the hospital serves as regional referral. The hospital lies on 3.6 hectares (9acres) of land whose title is held by the county government of Taita Taveta. The main economic activity in the catchment area is small-scale farming.

(b) Principal Activities

The principal activities of Wesu sub-county hospital are to offer; Outpatient services, In-patient services Laboratory services Maternity services, Theatre services MCH/FP services and Mortuary services

MISSION

To deliver efficient, affordable and quality curative, preventive, rehabilitative services accessible and acceptable to the people of wundanyi sub-county and beyond.

Core values

The hospital core values are to show compassion, respect to all, and uphold high standards of professionalism and kindness.

Vision

To have a community that is free from preventable, communicable and non-communicable diseases and ill health

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. Rukia Mkamburi

No.	Designation	Name
2.	Head of finance	Morris Kalugho
3.	Head of supply chain	Geobran Kilango
4.	Nurse manager	Marjorie Wonge
5.	Health administrative officer	Francisca Mrombo

(e) Fiduciary Oversight Arrangements

- Taita taveta county department of internal audit: Internal auditors from this department visits the facility once every year to assess whether the revenue collected, and budget implementation comply with the given financial laws and regulation.
- The county assembly finance: This committee meets to scrutinize the hospital revenue collected, exemptions and waivers. It is also responsible for the approval of hospital charges in the county.
- County health management team: This committee reviews FIF funds for the hospital quarterly.

Key Entity Information and Management (continued)

(f) Entity Headquarters

Wesu Sub County Hospital
P.O. Box 1022-80304
Wundanyi-Kenya

(g) Entity Contacts

Telephone: (+254)0792680813/0769874240
Email: wesuhospital@yahoo.com
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank

(i) Independent Auditors

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




(j) Principal Legal Adviser



The Attorney General
State Law Office
Harambee Avenue

P.O. Box 40112
City Square 00200
Nairobi, Kenya

(k) **County Attorney**
P.O. Box.1066-80304
Wundanyi, Kenya


3. The Board of Management

Ref	Directors	Details
1.	<p>George Elisha Wawaka</p> 	<ul style="list-style-type: none"> • Date of birth: 30.03.1980 • MSK practitioner's diploma • Bachelor of commerce (management)-Africa Nazarene university • MBA strategic management-JKUAT
2.	<p>Emmanuel Mzae</p> 	<ul style="list-style-type: none"> • Date of birth: 1957 • Advanced certificate in business management (The Kenya Institute of Management) • Senior management for health systems strengthening course (Kenya institute of administration) <p>Senior Health administrative officer</p>
3.	<p>John Mwasaru</p> 	<ul style="list-style-type: none"> • Date of birth: 28.10.1963 • Diploma in environmental health sciences (KMTC) • Certificate in food science and inspections (KMTC) • Certificate in public health technology (medical training college) • Certificate Supervisory skills development course (KSG) • Certificate Senior management course (KSG) • Certificate basic epidemiology (MOH) • Certificate Kenya expanded programme on immunization (MOH) • County public health officer • County malaria control coordinator • County diseases surveillance coordinator-taita taveta

<p>4.</p>	<p>Rashid David Chalo-Member</p> 	<ul style="list-style-type: none"> • Date of birth: 28.10.1963 • Diploma in environmental health sciences (KMTC) • Certificate in food science and inspections (KMTC) • Certificate in public health technology (medical training college) • Certificate Supervisory skills development course (KSG) • Certificate Senior management course (KSG) • Certificate basic epidemiology (MOH) • Certificate Kenya expanded programme on immunization (MOH) • County public health officer • County malaria control coordinator County disease surveillance coordinator-Taita Taveta
<p>5.</p>	<p>Dr.RukiaMkamburi-secretary board</p> 	<ul style="list-style-type: none"> • Date of birth:1986 • Degree in medicine and surgery • Pre-internship in Kenyatta National Hospital • Internship in machakos level 5 hospital • Senior medical officer (Wesu sub county hospital) • Currently Medical superintendent Wesu sub

		county hospital
--	--	-----------------

4. Key Management Team

Ref	Management	Details
1.	<p>Dr.Rukiamkamburi</p> 	<p>Degree in medicine and surgery</p> <p>Responsibilities Overseeing overall operations of the hospital and service delivery, financing and activities implementation</p>
2.	<p>Ms. Francisca Mrombo</p>	<p>Qualifications Degree in purchasing and supply chain management.</p> <p>Responsibilities Overseeing administrative activities of the hospital.</p>
3.	<p>Ms. Marjorie Wonge</p>	<p>Qualifications Diploma in Nursing</p> <p>Responsibilities Overseeing nursing services in the hospital.</p>
4.	<p>Mr.Geobran Kilango</p>	<p>Qualifications Diploma in supply chain management</p> <p>Responsibilities Overseeing procurement of goods and services and ensuring safe storage of commodities in the hospital.</p>
5.		<p>Qualifications</p>

	Mr. Morris Mwadime	Bachelor of commerce– Finance Option and CPA intermediate level. Responsibilities Overseeing financial and accounting services in the hospital.
--	--------------------	--

5. Chairman's Statement

I am pleased to present the 2024/2025 financial statement for Wesu sub-county hospital. The hospital made significant progress in provision of both inpatient and outpatient services during the year.

The board of management endeavored to embrace corporate governance to enable it deliver its mandate of providing strategic leadership and oversight in service delivery. The board recognizes the valuable support from the leadership of the county department health, hospital management team and general staff. This report presents a summary of the financial position, key activities, challenges, and way forward for the hospital for the financial year 2024/2025. The hospital continued to provide essential health services amidst financial constraints and operational challenges, with efforts directed toward sustaining patient care, clearing old debts, and addressing critical infrastructure needs.

2. Key Activities

Acquisition of a 60kg washing machine, which has improved hospital laundry operations and efficiency.
Procurement of pharmaceuticals and non-pharmaceuticals, ensuring continuous patient treatment and service delivery.

Settlement of old debts, particularly for laboratory reagents and supplies, which has improved supplier confidence and facilitated smoother operations.

Governance changes:

The hospital lost one board member during the year.

One board member resigned, reducing board membership strength.

3. Challenges Faced

Despite these achievements, the hospital has faced significant challenges that continue to affect revenue generation and service delivery:

1. Non-Functional Departments:

X-Ray Department: The machine remains unpaid for, with pending bills. The supplier has refused to conduct maintenance and release essential software.

Dental Department: Non-functional due to an old, broken-down dental chair, halting dental services.

Mortuary Department: Out of the chambers first installed in earlier years, 3 chambers have broken down, causing disruptions in mortuary services.

Orthopedic/Physiotherapy: Lack of a functional machine continues to affect patient care.

2. Debt Accumulation:

The hospital currently carries an accumulated debt of about Ksh.11million from FY 2020/2021 to FY2024/2025.

Revenue collection has been heavily impacted, as most funds go toward servicing old debts, limiting room for new development projects.

3. Infrastructure & Safety Concerns

A quotation for the removal of asbestos roofing was received, but implementation stalled due to financial constraints.

4. Way Forward

In addressing the above challenges, the hospital has engaged with the County Department of Health. Encouragingly, some critical items have been included in the 2025/2026 County Budget, namely:

Procurement of new mortuary chambers

Purchase of a dental chair/OPG

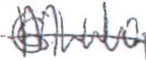
Settlement and upgrade of the X-Ray machine

Renovation of the Rehabilitation Centre

If these items are successfully financed and procured, they will significantly enhance hospital operations, boost patient confidence, and lead to improved revenue collection in the next financial year.

5. Conclusion

The financial year 2024/2025 has been challenging, characterized by limited revenue streams and high debt obligations. However, the hospital has remained resilient by prioritizing essential services, debt repayment, and continuous engagement with stakeholders. With the support of the county government in the coming financial year, the hospital anticipates a stronger financial position, improved service delivery, and better revenue.

FOR
Name..... GEORGE WAWAKA
Chairman to the Board 

6. Report of The Medical Superintendent

1. Introduction

As the Medical Superintendent, I am pleased to present this detailed report on the hospital's performance for the financial year 2024/2025. The period under review has been marked by significant operational challenges, but also key efforts to sustain essential services, meet patient needs, and steadily address the hospital's financial obligations.

This report highlights the hospital's activities, financial performance, challenges, and the way forward.

2. Key Activities

1. Infrastructure & Equipment:

The hospital received a 60kg washing machine, which has greatly improved laundry operations, infection control, and patient comfort.

Procurement of pharmaceuticals and non-pharmaceuticals ensured continuity of medical services despite budgetary constraints.

2. Financial Obligations

Efforts were made to settle outstanding debts, especially for laboratory reagents and essential supplies. This has improved supplier confidence and reduced stock-out risks.

3. Governance & Leadership:

The hospital mourned the loss of one board member during the year.

Another board member resigned, reducing governance capacity and necessitating reconstitution.

3. Challenges Impacting Service Delivery

Despite the above milestones, the hospital continues to face serious operational and financial hurdles:

Non-Functional Departments:

X-Ray Unit: The-ray machine remains unpaid for, with pending bills. The supplier has withheld software and maintenance services until dues are cleared, leaving the department non-functional.

Dental Department: Non-operational due to an obsolete, broken dental chair. This has completely stopped dental services.

Mortuary Services: Out of the installed chambers, three have broken down. This has caused capacity constraints and service inefficiencies.

Orthopedic/Physiotherapy Unit: Lack of essential equipment continues to affect rehabilitation and orthopedic services.

Debt Burden:

The hospital is carrying about Ksh.11million in accumulated debts spanning from FY2020/2021 to the current FY 2024/2025.

Current revenues are largely directed towards debt servicing, limiting capital investment and operational growth.

Infrastructure Concerns:

The hospital has received a quotation for asbestos removal, but financial constraints have stalled implementation, posing long-term occupational health risks.

4. Financial Performance Overview

Despite operational constraints, the hospital has continued to generate revenue mainly from outpatient, inpatient, pharmacy, and laboratory services. However, underperforming departments (X-ray, dental, mortuary, and rehabilitation) have significantly reduced revenue streams.

Observation:

Revenue collection has declined by 2.9% due to closure of revenue-generating departments.

Expenditure increased by 38% due to inflation.

Debt levels reduced slightly, but remain a heavy burden at about Ksh.11 million.

5. Way Forward

To address these challenges and improve hospital performance, the following steps are in progress:

1. County Health Department Engagement:

Our requests have been submitted, and some items have been captured in the 2025/2026 County Budget, including: new mortuary chambers Dental chair/PPG equipment-ray machine settlement and upgrade Renovation of the, Rehabilitation Centre

2. Debt Reduction Strategy:

Continuous prioritization of debt repayment to improve supplier relations and restore normalcy in service provision.

3. Revenue Growth Measures:

Reactivation of currently non-functional departments once new equipment is received.

Exploring Public-Private Partnerships (PPP) and donor support for targeted equipment replacement.

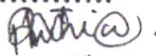
Conclusion

The hospital has weathered a difficult financial year with commendable resilience from both staff and management. While the debt burden and non-functional departments have restricted growth, planned interventions through the County Health Department in 2025/2026 give hope for recovery.

If implemented, these interventions will not only restore critical services but also significantly increase revenue collection, reduce reliance on external debt, and place the hospital on a path toward sustainable growth.

Name. DR. RUKIA MKAMBURI M.

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

For the financial year 2024/2025, Wesu sub county hospital prepared an annual workplan which set out the various strategic pillars and objectives for the 2024/2025 financial year. Wesu sub-county hospital has strategic pillars/themes/issues and objectives within the current Strategic Plan for FY 24-25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2:

The facility develops its annual work plans based on the above strategic pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/theme/issue 1:	An effective and high quality health care system Equitable	Health system planning and support services	No of hospital management meetings	12
			No of EEC meetings held	4
		Preventi	In-patie	988

*Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

	afford	ve and	nt	patients
	ble to	promoti	services	
	all.	ve		

		health services	Specialized outpatient	3756 patients
			General outpatients	
Pillar/theme/ issue 1			Laboratory services	
			Radiology services	
		Curative and rehabilitative services	physiotherapy	
			Occupational therapy	
	Achieve a prosperous people in a secure health environment	Eliminate communicable diseases	Reduce new HIV infections	
			Create demand and uptake of immuni	

			sation	
			services	

8. Corporate Governance Statement

The board of management was appointed by the governor of Taita Taveta County according to the Taita Taveta county health service act 2021. The board members serve a term of three years. A member can be removed from office for the following reasons

1. If one resigns from office giving notice
2. Be removed from office for
 - Serious violation of the constitution
 - Gross misconduct
 - Bankruptcy
 - Physical or mental incapacity to perform functions of the office
 - incompetency

1. The functions of the board include:

- Provide oversight to the hospital management team to improve the health status of the community.
- Providing necessary checks and balances for the use of all hospital resources.
- Making decisions that will improve the hospital.
- Overseeing the prudent utilization and reporting of all resources
- Making recommendations to the CECH member on matters to improve the hospital.

2. Conflict of interest

Members of the board declared any conflict of interest before their induction into office and that they would not be directly or indirectly involved in any trading business with hospitals and that they shall comply and adhere with conduct governing public officers.

The board members were inducted and trained on their roles and responsibilities. Members are paid their allowances according to salaries and remunerations commission guidelines which include sitting allowances, transport and lunch allowances as stipulated in the table below.

Allowance		District hospitals(level 4)
Sitting allowance	chairperson	4,000
	members	2,500
Lunch(where lunch not provided)	both	500
transport	both	2000

9. Management Discussion and Analysis

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years. Some of the details to be included under this section are;

Clinical/operational performance

- o Bed capacity of the hospital.

no	Ward	No of bed
1	Maternity ward	10
2	Female ward	18
3	Male ward	28
4	Paediatrics ward	10
	Total	66

- o Overall patient attendance during the year for both inpatient and outpatient.

DATA	NO
<5yrsFemale	528
<5yrsMale	572
>5yrsFemale	1,832
>5yrsMale	1,318
Total	4250

- o Accident and Emergency services not available in the facility.

- Specialised clinic attendance

Indicators	Data
Dental Extractions Attendance	56
Eye Clinic Attendance	108
Nutrition Clinic	167
Medical Attendance	1,058
Obstetrics/Gynecology Attendance	257
Occupational Therapy Attendance	896
Orthopedic Clinic Attendance	337
Paediatrics attendances	42
Physiotherapy Attendance	599
Psychiatry Attendance	302
Surgical Clinics attendances	97
T Band Leprosy attendance	56
Diabetes clinic	123

- Average length of stay for a patient is 4 days. This is the average number of days a patient stays in the hospital.

- Bed occupancy rate is 47%

- Mortality rate is 8%. This is the number of deaths in a facility over a specific period, usually relative to the number of admissions or discharges.

- Surgical theatre utilization (number of operations over a period of time)

- Sponsorships and partnerships.

Financial performance that includes: -

- Revenue sources,

The hospital sources of revenue include county government grants and user fees (facility improvement fund). Through the Taita Taveta county assembly, Taita Taveta health services fund was enacted with the aim of ensuring that funds collected by hospitals are reimbursed back to the facility. This is to ensure smooth service delivery in hospitals. The financial year 2024/2025 revenues were as follow:

- SHA
- Grants
- Cash collection from patients
- Insurance company
- Utilization of funds

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Environmental policies exist to transform lives. Wesu sub county hospital is guided by these policies and strategies putting the citizens first in delivering health services. In the quest to work in a more sustainable manner being guided by the international practices such as those outlined in the global agenda for green and healthy hospital, the following are measures put in place:

No	Strategy	Status	Remarks
1.	Encouraging clients to enroll in SHA to reduce waivers	ongoing	Helpful to patients with chronic illnesses. Able to access services.
2.	Use of LED and energy saving bulbs in areas with high foot traffic that require continuous lighting at night	done	Helped to reduce electricity consumption and frequent replacement of bulbs
3.	Procuring and serving patients with healthy food.	ongoing	Encourages healthy diet foe patients admitted in the facility.

ii) Environmental performance

The hospital is guided by the Public Health Act Cap 242 section 118 and the Kenya healthcare waste management policy and has perceived the following successes;

- Improved waste management through renovation of the incinerator.
- Proper planning by the transport manager to limit trips made by the hospital's vehicles in order to reduce the environmental pollution.
- Expired pharmaceuticals are safely managed and disposed off to avoid environmental pollution.

The shortcomings observed include the following:

- Air pollution during the incinerator
- Improper waste segregation at the departmental level requiring continuous training sessions.

iii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts Made in improving skills and managing careers, appraisal and reward systems. The organization should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

- Adopting effective procurement process policies in accordance with the public procurement and disposal Act 2021 to achieve value for money.
- Capacity building from county procurement
- Ensuring proper recording keeping of all documents
- Ensuring that all procurement processes are followed.

b) Responsible Supply chain and supplier relations

The hospital ensured that there was open communication between the supplier and the facility and availability of funds to facilitate payments upon completion of awarded contracts.

c) Responsible marketing and advertisement

Follow the legal regulations and submit the documents within the given time frame of 7 days for quotation and or 14 days for tender opening.

d) Product stewardship

The hospital ensured that the products from the suppliers were packaged well for the health and environmental safety. Disposal and segregation of wastes was done accordingly.

v) Corporate Social Responsibility / Community Engagements

During the financial year 2024/2025 the hospital in partnership with the County Government conducted a free eye clinic to the community.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the *hospital's* affairs.

3. Principal activities

The principal activities of the hospital management board are as follows:

- Provide oversight to the hospital management to improve the health status of the community.
- Providing necessary checks and balances for the use of all hospital resources.
- Making decisions that will improve the hospital.
- Overseeing the prudent utilization and reporting of all resources
- Making recommendations to the CECH member on matter to improve the hospital

4. Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 8.


5. Board of Management

The members of the Board who served during the year are shown on page vi and vii. During the year, one director resigned, and one director died.

6. Auditors

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

By Order of the Board

Name DR. RUKIA MKAMBURI M.
Secretary to the Board 

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (entities should quote the applicable legislation under which they are regulated) requires the Board of Management to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.

The Board of Management is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 entity; (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 entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (– entities should quote applicable legislation as indicated under). The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements) OR

Nothing has come to the attention of the Board of management to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

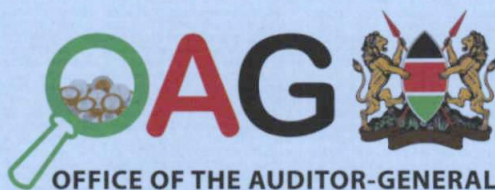
The Hospital's financial statements were approved by the Board on 25th Nov 2025 and signed on its behalf by:

Name: ^{For} GEORGE WAWUKA
Chairperson
Board of Management

Name: DR. RUKIA MKAMBURI M.
Accounting Officer

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON WESU SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - TAITA TAVETA COUNTY GOVERNMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Wesu Sub County Hospital – Taita Taveta County Government set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance and statement of changes in net assets, statement of cash flows and

Report of the Auditor-General on Wesu Sub County Hospital for the year ended 30 June, 2025 - Taita Taveta County Government

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Wesu Sub County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Taita Taveta County Health Services Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Property Plant and Equipment

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.628,387. The balance includes additions for the year of Kshs.404,200 in respect of ICT equipment, plant and medical equipment and other assets which were not supported by invoices, delivery notes, payment vouchers and detailed breakdown. In addition, the property, plant and equipment balance was not supported by an asset register thus confirmation of existence and conditions of the assets could not be confirmed.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.628,237 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and

Governance. Review of the status during audit of the Hospital in 2024/2025 revealed that the following eleven (11) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracy in statement of financial position
2	2023/2024	Unsupported cash and cash equivalent
3	2023/2024	Undisclosed property, plant and equipment
4	2023/2024	Understatement of revenues from exchange transactions
5	2023/2024	Unsupported transfers of funds
6	2023/2024	Lack of procurement plan
7	2023/2024	Unsupported engagement of casuals
8	2023/2024	Payment of wages below stipulated minimum wages
9	2023/2024	Idle facility
10	2023/2024	Lack of IT strategic plan and data recovery
11	2023/2024	Hospital role in universal health care (UHC)

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Compliance with Law and Effectiveness of upgrading of Hospitals

1.1. Lack of Essential Equipment and Machines

Review of hospital health policy guidelines revealed that the Hospital did not have the necessary equipment's and machines as required under Section 44(1) of the Primary Health Care Act, 2023.

Service	Level 4 Hospital Standard Requirements.	Actuals in the hospital	Variance	Variance in Percentage- (%)
Beds	150	68	82	54
Newborn unit incubators	5	2	3	60
Newborn unit cots	5	1	4	80
Functional ICU Beds	6	0	6	100
High dependency Unit (HDU)	6	0	6	100
Renal unit at least 5 dialysis machines	5	0	5	100

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

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health policy guidelines due to staff deficits by 65 staff requirements or 64.4 % of the authorized establishments.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Variance in Percentage %
	16	5	11	68.8
Medical officers				
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologist	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	31	44	58.7
Total	101	36	65	

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

2. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed that Wesu Sub County Hospital collected Kshs.5,629,105 and transferred the same to County Revenue Fund. However, only Kshs.4,384,071 was reimbursed to the hospital leaving a balance of Kshs.1,245,034. Further, the Facility Improvement Financing (FIF) revenues were deposited into the general county revenue accounts instead of the designated Facility bank accounts. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Hospital Information System.

Review of the Hospital revenue process, billing system, stores inventory management-pharmaceutical and non-pharmaceutical inventory activities and accounting system revealed that all hospital operations are done manually. A hospital information technology system is necessary for capturing, storing and processing of hospital fee services. In the circumstances, the effectiveness of internal controls designed in all operations especially revenue collection could not be ascertained.

In the circumstances, effectiveness of internal controls and risk 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 the Management and 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 maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	200,000
In- kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	171,200
		-	371,200
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	19,438,386	19,656,331
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		19,438,386	19,656,331
Total revenue		19,438,386	20,027,531
Expenses			
Medical/Clinical costs	15	14,351,945	5,752,883
Employee costs	16	431,000	576,000
Board of Management Expenses	17	136,000	92,050
Depreciation and amortization expense	18	114,116	41,298
Repairs and maintenance	19	1,857,028	1,621,951
Grants and subsidies-contribution to county health management Team	20	1,287,865	1,692,540
General expenses	21	6,798,470	8,306,074
Finance costs	22	-	-
Total expenses		24,976,923	18,082,796

Wesu Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	(519,070)
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		(5,538,537)	1,425,665

The notes set out on pages 9 to 59 form an integral part of the Annual Financial Statements.

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

Handwritten signature: GEORGE WONGA
 Chairman
 Board of Management

Handwritten signature: A. M. M. M.
 Head of Finance
 ICPAK No:
 15011

Handwritten signature: DR. RUCIA MKAMBURI
 Medical Superintendent

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Opening Balance		-	1,845,448
Cash and cash equivalents	27	1,417,615	2,156,325
Prepayments	28	-	-
Receivables from exchange transactions	29	14,110,949	13,507,650
Receivables from non-exchange transactions	30	-	-
Inventories	31	1,562,651	1,670,070
Total Current Assets		17,091,215	19,179,493
Non-current assets			
Property, plant, and equipment	32	628,387	338,303
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		628,387	338,303
Total assets (A)		17,719,602	19,517,796
Liabilities			
Current liabilities			
Trade and other payables	36a	6,854,820	2,112,951
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		6,854,820	2,112,951
Non-current liabilities			
Trade and other payables	36b	3,848,012	-
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-

Wesu Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		3,848,012	-
Total Liabilities (B)		10,702,832	2,112,951
Net assets (A-B)		7,016,770	17,404,845
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		(4,112,872)	3,101,043
Capital Fund		-	-
Net Assets		2,903,898	20,505,888

NB-The total current assets were wrongly captured as kshs.17,145,215 instead of kshs.17,091,215. Also, Total assets captured as Kshs.17,773,602 instead of Kshs.17,719,602. In addition, Net assets was captured as 7,070,770 instead of 7,016,770 and finally accumulated deficit captured as 7,070,770 now correct as (4,112,872). same to the comparative figure of net assets captured as Kshs.17,404,845 instead of Kshs.20,505,888.

The notes on pages 9 to 59 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 25th NOV 25 and signed on its behalf by:

for

George Wanjau

Chairman
Board of Management

[Signature]

Head of Finance
ICPAK No:

(5011)

DR. RUCIA MKAMBURI M.

Medical Superintendent

Comparative FY refers to the financial year preceding the current year.

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024	-	1,675,377	-	1,675,377
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,425,666	-	1,425,666
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	3,101,043	-	3,101,043
At July 1, 2025	-	3,101,043	-	3,101,043
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(5,538,537)	-	(5,538,537)
Prior year Adjustment	-	9,508,264	-	9,508,264
At June 30, 2025	-	7,070,770	-	7,070,770

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	200,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	171,200
Rendering of services- Medical Service Income		15,442,116	19,656,331
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(specify)		-	-
Total Receipts		15,442,116	20,027,531
Payments			
Medical/Clinical costs		(6,369,722)	(6,878,368)
Employee costs		(431,000)	(576,000)
Board of Management Expenses		(136,500)	(92,050)
Repairs and maintenance		(1,569,635)	(1,621,951)
Grants and subsidies		(1,287,865)	(1,692,540)
General expenses		(5,927,905)	(8,306,074)
Finance costs		-	-
Refunds paid out		-	-
Total Payments		(15,722,627)	(19,166,983)
Net cash flows from operating activities	43	(280,511)	860,548
Cash flows from investing activities			
Purchase of property, plant, equipment		(404,200)	(379,600)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(404,200)	(379,600)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

Wesu Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(684,710)	480,948
Cash and cash equivalents as at 1 July	27	2,156,325	1,675,377
Cash and cash equivalents as at 30 June	27	1,471,615	2,156,325

NB-Medical /clinical costs have been reinstated from Kshs.5,752,883 to Kshs.6,878,368
Due to error in prior year adjustment.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
Receipts						
Transfers from the County Government	-	-	-	-	-	%
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	18,394,874	-	18,394,874	19,438,386	(1,043,512)	105.7%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (specify)	-	-	-	-	-	%
Total receipts	18,394,874	-	18,394,874	19,438,386	(1,043,512)	105.7%
Payments						
Medical/Clinical costs	9,041,969	-	9,041,969	14,351,945	(5,309,976)	158.8%
Employee costs	431,000	-	431,000	431,000	-	%
Remuneration of directors	136,500	-	136,500	136,500	-	%
Repairs and maintenance	1,857,028	-	1,857,028	1,857,028	-	%
Grants and subsidies	1,287,865	-	1,287,865	1,287,865	-	%
General expenses	5,640,512	-	5,649,512	6,798,470	(1,157,957)	120.5%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	18,394,874	-	18,394,421	24,862,808	(6,467,934)	
Capital Expenditure paid	-	-	-	-	-	%

Surplus	-	-	453	(5,424,422)	(5,424,422)	%
----------------	---	---	-----	-------------	-------------	---

19. Notes to the Financial Statements

1. General Information

Wesu Sub County Hospital is established by and derives its authority and accountability from Taita Taveta County health services Act 2021. The entity is wholly owned by the Taita taveta County Government and is domiciled in Taita taveta County in Kenya. The entity’s principal activity is inpatient and outpatient services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. 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 2025

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

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

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

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

Standard	Effective date and impact:
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on 25/08/2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not recorded any additional appropriations on the FY 2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

entity did not recognize any loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) .

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being

acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants	-	200,000
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	200,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in the Statement of financial performance KShs	Amount to be deferred under deferred income KShs	Amount recognised in capital fund KShs	Total grant income during the year KShs	Comparative Period KShs
Taita Taveta County Government	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

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

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Post grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2024/2025	2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(blue cross)	-	171,200
Donations in kind-amortised	-	-
Total donations and sponsorships	-	171,200

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceuticals	374,425	733,212
Non-Pharmaceuticals	-	66,188
Laboratory	819,220	634,985
Radiology	220,000	569,150
Orthopedic and Trauma Technology	17,850	83,420
Theatre	9,500	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	7,000	38,200
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	3,000	59,000
Other medical services income - Exemption, waivers etc	17,987,391	17,471,926
Total revenue from the rendering of services	19,438,386	19,656,681

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,071,950	1,626,380
Public health activities	-	-
Food and Ration	4,430,915	179,000
Uniform, clothing, and linen	-	10,200
Dressing and Non-Pharmaceuticals	3,138,608	1,329,145
Pharmaceutical supplies	2,386,343	854,299
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	1,541,100	763,054
Purchase of Medical gases	127,717	943,305
X-Ray/Radiology supplies	655,312	47,500
Other medical related clinical costs (specify)	-	-
Total medical/ clinical costs	14,351,945	5,752,883

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	431,000	576,000
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	431,000	576,000

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	136,500	92,050

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	136,500	92,050

18. Depreciation and Amortization Expense

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	114,116	41,298
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	114,116	41,298

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	878,493	560,900
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	748,421	539,209
Motor vehicle expenses	230,114	491,842
Maintenance of civil works	-	-
Total repairs and maintenance	1,857,028	1,621,951

Notes to the Financial Statements (Continued)

20. Grants And Subsidies- (contribution to county health management Team)

Description	2024/2025	2023/2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies-county health management team	1,287,865	1,692,540
Total grants and subsidies	878,493	560,900

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	674,080	3,186,248
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	39,051	43,786
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	-	-
Fuel and Lubricants	2,090,894	2,935,000
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	931,370	292,300
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	28,350	-
Printing and stationery	1,421,675	779,450
Hire charges	-	-
Gas expenses	462,050	259,000
Water and sewerage costs	803,000	200,000
Skills development levies	-	-

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024/2025	2023/2024
	KShs	KShs
Telephone and mobile phone services	138,000	355,350
Internet expenses	210,000	36,000
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	218,940
Total General Expenses	6,798,470	8,306,074

22. Finance Costs

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

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

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

24. Unrealized Gain on Fair Value Investments

Description	2024/2025	2023/2024
	KShs	KShs
Investments at fair value	-	519,070
Total gain	-	519,070

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	1,372,465	2,018,345
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others- Mobile money	99,150	137,980
Total cash and cash equivalentents	1,471,615	2,156,325

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1273743164	407,334	1,845,448
Kenya Commercial bank	1174149914	965,131	172,897
Sub- total		1,372,465	2,018,345
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc.		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa	593858	99,150	137,980
Sub- total		-	-
Grand total		1,471,615	2,156,325

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables-NHIF	14,110,949	4,502,550
Out-patient	-	1,330,800
Other exchange debtors-in-patient	-	7,674,300
Less: impairment allowance	(-)	(-)
Total receivables	14,110,949	13,507,650

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	KShs	% of the total	KShs	% of the total
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables From Non-Exchange Transactions

Description	2024/2025		Comparative FY	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	411,264	465,230
Maintenance supplies	-	109,250
Food supplies	133,890	160,690
Linen and clothing supplies	-	500,550
Cleaning materials supplies	8,500	46,350
General supplies	1008,997	388,000
Less: provision for impairment of stocks	-	-
Total	1,562,651	1,670,070

Detailed disclosure on inventories

	Insert Current FY	Insert Comparative FY
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture & fittings and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 1 July 2023		10%	25%	12.5%			12.5%		
Additions	-	-	-	-	-	246,100	133,500	-	379,600
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30 th Jun 2024	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	246,100	133,500	-	379,600
At 1 July 2024									
Additions	-	-	-	-	-	246,100	133,500	-	379,600
Disposals	-	-	-	-	178,800	178,000	47,400	-	404,200
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30 th June 2025	-	-	-	-	-	-	-	-	-
Depreciation and impairment	-	-	-	-	178,800	424,100	180,900	-	783,800
At 1 July 2023									

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Land	Buildings and Civil works	Motor vehicles	Furniture & fittings and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation for the year		-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		-	-	-	-	-	-	-	-
At July 2024		-	-	-	-	24,610	16,688	-	41,298
Depreciation		-	-	-	-	24,610	16,688	-	41,298
Disposals		-	-	-	53,640	39,949	20,527	-	114,116
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024					-	221,490	116,813	-	338,303
At 30 th Jun 2025	-	-	-	-	125,160	359,541	143,686	-	628,387

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024/2025	2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024/2025	Insert
	KShs	Comparative FY KShs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	10,702,832		2,112,951	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	10,702,832		2,112,951	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	6,854,820	64%	1,225,512	58%
1-2 years	3,848,012	36%	887,439	42%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	10,702,831	100%	2,112,951	100%

37. Refundable Deposits from Customers/Patients

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Total deposits	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Non-Current Portion	-	-
Total	-	-

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024/2025 KShs	2023/2024 KShs
Fair value of service concession assets recognized under PPE	-	-

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 2023. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 12 months	Between 12 - 36 months	Over 36 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	KShs		KShs
At 30 June 2024			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in exchange rate	Effect on Profit Before tax	Effect on equity
	KShs	KShs	KShs
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025
Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period KShs	Comparative Period KShs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-%	-%

**Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

Taita Taveta 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	2025	2024
	KShs	KShs
Transactions with related parties		
a) Services offered to related parties		
Services to None	-	-
Sales of services to None	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	2024/2025	2023/2024
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

46. 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)

47. Contingent Liabilities

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case None against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

48. Capital Commitments

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

(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)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observation from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	Lack of IT strategic plan and data recovery plan	Management is working the issue	Unresolved	12/05/2026
	Hospital role in universal care (UHC)	Management is working the issue	Unresolved	12/05/2026
	Lack of procurement plan	Management has addressed the working the issue	resolved	
	Payment of wages below stipulated minimum wages	Management has addressed the working the issue	resolved	
	Idle facility		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 the for implementation of each issue.

Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

(iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Patricia

.....
Accounting Officer

**Wesu Sub County Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025**

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

Wesu Sub County Hospital (Taita Taveta County Government)
 Annual Report and Financial Statements for The Year Ended 30th June 2025

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

Wesu Sub County Hospital (Taita Taveta County Government)
 Annual Report and Financial Statements for The Year Ended 30th June 2025

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		

*Wesu Hospital (Taita Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster relief activity that requires expenditure (disbursement category/automatic disbursement)	Expenditure Item	Amount (KShs.)	Comments