

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**MURANG'A LEVEL 5 HOSPITAL**

**FOR THE YEAR  
ENDED 30 JUNE, 2024**

**COUNTY GOVERNMENT OF MURANG'A**





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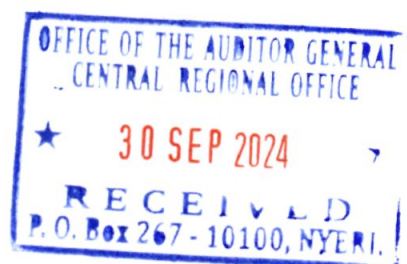
# **MURANG'A LEVEL 5 HOSPITAL** **(Murang'a County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

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



*Murang'a level five Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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**1. Acronyms & Glossary of Terms**

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MTC	Medical Training college
CHS	Centers of Excellence
PWD	People With Disability
NGO	Non government Organizatio
HMIS	Health Management Information System
CECM	County Executive committee Member
CHMT	County Health Management Team
MCH	Mother Child Health
CCC	Chest Clinic
ICU	Intensive Care Unit
TB	Tuberculosis
HIV	Human Infection Virus
MOH	Ministry of health
KEMSA	Kenya Medical Supplies Authority
AMREF	African Medical and Research foundation
OPD	Out Patient Department
CT Scan	Computed Tomography

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

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

Murang'a County Referral Hospital is strategically located in Township location, Kiharu Constituency, and is approximately 200m from Murang'a Town just next to Medical Training College (MTC) Murang'a Campus. It is the regional County referral hospital and serves other neighbouring counties namely; Kirinyaga, Embu and Machakos.

The hospital was established in 1950s under the title of Natives Civil Hospital, Fort Hall. Later in 1962, was handed over to the Ministry of Health during the last stages of colonial government and has grown from being a Native Civil Hospital into a County Referral Hospital with a bed capacity of 270 and 58 cots. It was gazetted on 2<sup>nd</sup> March 1973, gazette notice No. 598.

The population in Murang'a town and also along Murang'a Thika road is growing. This population growth has led to increased need of critical health services in Murang'a county referral hospital which is known to giving perfect health services. In maternity services for example, the hospital records about 380 successful deliveries per month with a client flow of 400-500 clients per day and the increment expected to increase in the near future.

The institution has 11 wards for inpatient, two OPD blocks, Casualty, Pharmacy, Laboratory, Radiology department, MCH, Physiotherapy, Dental, Mortuary, Maintenance Unit, Records and Information department, CCC block and one Administration block. Recently the hospital made a commendable progress by establishing the CT-Scan and MRI centre to add to the previously established Renal unit and maternity theatre.

It is run by a cohesive, highly trained, committed and specialized human resource team of 400 members firmly anchored on the pillars of teamwork, self-sacrifice, collaboration, high rated services and evidence-based practices.

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Currently, the hospital offers internship for Doctors, Nurses and Clinical officers and provides clinical placement for students from Murang'a Medical Training College. The Hospital has set precedence in residential mentorship, successfully demonstrating that knowledge can still be acquired at minimal cost and with significant benefits to the facilities.

Through support from the stakeholders, the hospital is among the four centres of excellence created by CHS in the region in collaboration with the hospital management. Centres of Excellence were originally created with the objective of developing ideal or close to ideal diagnostic, treatment and preventive services in resource-limited settings while serving as centres of learning. In this case, it offers more diverse and senior staff mix that allows for enhanced diagnostic, treatment and prevention services, efficient management systems and structured monitoring and evaluation services. This is achieved through creating competent teams, providing training and commodities, and service integration.

**(b) Principal Activities**

**Vision**

A model referral and Teaching Hospital.

**Mission**

To provide high quality health care services which are accessible, cost effective, equitable and sustainable to all Kenyans and to be a Teaching and Research Centre.

**(c) Key Management**

Murang'a management is under the following key organs:

- County department of health
- Board of Management
- Medical Superintendent
- Hospital Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

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No.	Designation	Name
1.	Medical Superintendent	DR. FLORENCE NYAKWEYA
2.	Head of finance	ELIAS K KARUKU
3.	Head of supply chain	EMILY NDUKU
4.	Administrator	JEDIDAH MURIGU
5.	Nursing Officer	MRS. ALICE GITAHI

**Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee

**Key Entity Information and Management (continued)**

**(e) Murang'a level five Hospital Headquarters**

P.O. Box 69-10200  
MURANG'A, KENYA

**(f) Murang'a level five Hospital Contacts**

Telephone: (+254) 726715863  
E-mail: murangahospital@gmail.com  
Website:

**(g) Murang'a level five Hospital Bankers**

Kenya Commercial Bank.  
A/C No. 1310126690

Murang'a Branch.

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

*Murang'a level five Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

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

**(j) County Attorney**

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

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**3. The Board of Management**

1.	KEVIN MBURU NYAMBURA	Township	Chairman. Businessman	Businessman
2.	WILLIAM KAMAU KIGO	Kigumo	Faith-Based	Businessman
3.	ROSE MUTHONI KAMAU	Gatanga	NGO	Business woman
4.	JOSEPH MUNYAU	Ithanga	PWD	Teacher
5.	ISAAC MWANGI IRUNGU	Kahuro	Member	Medic
6.	PETER KARIUKI MWANGI	Kiharu	Member	Finance
7.	PERPETUAL WANGU	Maragua	Women Representative	Business woman

**4. Key Management Team**

1.	DR. FLORENCE N. KAGWAINI	Medical Superintendent
2.	ELIAS K KARUKU	Head of finance
3.	CATHERINE KARANJA	Head of supply chain
4.	JEDIDAH MURIGO	Administrator
5.	ALICE GITAHU	Nursing Officer

**5. Chairman's Statement**

It is a greater honour to be appointed a member of Murang'a hospital and the chairman of the hospital board as per requirement by health bill No. 43 of 2023. As the board were inaugurated early 2023 to serve in order to improve on health facility to the public.

As the board we have been able to familiarize ourselves with the hospital operations with assistance of various hospital management team.

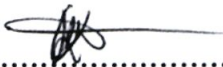
We have indemnified Murang'a level five hospital as a facility with a potential form its strategically located and its catchment areas is a vast where patients come for the services that has been beneficial in realizing a healthy member of community.

The county government has launched a health Management Information System (HMIS) to help improve the delivery of medical services. This automation which is the first of its kind in a level five hospital in the country, will see patients registered electronically and their treatment records stored electronically.

The county government has been embarking on doing various structures, improvements in wards, offices, theatres, and building of new wards which has allowed accommodation of many patients which in turn will increase revenue collection.

The county government has also been supplying essential drugs and non-pharmaceuticals, lab reagents and other medical related items and equipment's.

My trust in the county government that as they continue supporting plus our development partners that the hospital will grow even more for the betterment of our citizens.



.....  
**Name: Kelvin Mburu**  
**Chairman to the Board**

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

Murang'a County Referral Hospital is strategically located in Township location, Kiharu Constituency, and is approximately 200m from Murang'a Town just next to Medical Training College (MTC) Murang'a Campus, and sits on a land of approximately 20 hectares. It is the regional County referral hospital and serves other neighboring counties namely; Kirinyaga, Embu, Nyeri and Machakos.

The hospital was established in 1950s under the title of Natives Civil Hospital, Fort Hall. Later in 1962, was handed over to the Ministry of Health during the last stages of colonial government and has grown from being a Native Civil Hospital into a County Referral Hospital with a bed capacity of 270 and 58 cots. Currently the hospital is in the process of expanding the bed capacity through construction of a new hospital block that will have an additional 100 beds when completed, with additional operational theatres, casualty and radiology centres. The construction of the hospital block is funded by the county government and is assessed to be at this level currently;

- Walling of first floor has started.
- Fabricating of windows done awaiting approval from engineer for continuation
- Other minor repairs including fixing of brown out bulbs, plumbing among others works in other departments as need arises

The hospital management is led by a hospital board and the hospital management team in consultation with the county management including CECM, Chief Officers, the Director and County Health Management Team (CHMT) in order to realize the vision and the mission in place by H.E the Governor and National government policy and guidelines.

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The hospital's catchment population in Murang'a and the neighboring counties is growing. This population growth has led to increased need of critical health services in Murang'a county referral hospital which is known for offering quality health services. In maternity services for example, the hospital records about 380 successful deliveries per month with a client flow of 600-800 clients per day and the increment expected to grow in the near future.

The institution has 11 wards for inpatient, two OPD blocks, Casualty, Pharmacy, Laboratory, Radiology department, MCH, Physiotherapy, Dental, Mortuary, Maintenance Unit, Records and Information department, CCC block and one Administration block. The hospital also has a 25 bed capacity Intensive Care Unit (ICU) that serves the region, and was almost over-run with patients during the Covid-19 pandemic. The hospital also made commendable progress by establishing the CT-Scan and MRI centers to add to the previously established Renal unit and maternity theatre.

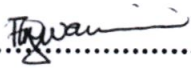
Murang'a level 5 hospital serves as the county referral hospital, and has capacity to attend referral patients from within the county and the neighbouring counties. The hospital offers both curative and preventive services and notably, the flow of patients has been increasing with time owing to improved services. It is run by a cohesive, highly trained, committed and specialized human resource team of over 600 health care providers, firmly anchored on the pillars of teamwork, self-sacrifice, collaboration, high rated services and evidence-based practices.

Currently, the hospital offers internship for Doctors, Nurses and Clinical officers and provides clinical placement for students from Murang'a Medical Training College and institutions that offer training in health sciences. The Hospital has set precedence in residential mentorship, successfully demonstrating that knowledge can still be acquired at minimal cost and with significant benefits to the facilities. We also have regular Continuous Medical Education in the facility to ensure health workers are up to date with current medical practices.

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Through support from the stakeholders, the hospital is among the four centres of excellence created by CHS in the region in collaboration with the hospital management. Centres of Excellence were originally created with the objective of developing ideal or close to ideal diagnostic, treatment and preventive services in resource-limited settings while serving as centres of learning. In this case, it offers more diverse and senior staff mix that allows for enhanced diagnostic, treatment and prevention services, efficient management systems and structured monitoring and evaluation services. This is achieved through creating competent teams, providing training and commodities, and service integration.

During the year through intervention of County government, we have been able to digitalize revenue collections that has in turn increased the amount collected when compared with previous years the same period.

  
.....  
Name **DR. FLORENCE KARWAINI**  
**Secretary to the Board**

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

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

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	Enhanced customer experience	Optimize customer experience	Implement customer feedback mechanism			
			Display service charter	100%		
			Establish a customer care desk	100%		
		Enhance service delivery	Audit the charter	75%		
			Develop a customer navigation algorithm	60%		
			Signage	80%		
		Expand and promote services	Upgrade existing services e.g., upgrading departments	80%		
			Establish new core services eg ICU	100%		
		4	Optimize financial performance	Increase revenue generation	Develop innovative packages	100%
					Increase client numbers	100%
Structured training/ costing	80%					
Incentive systems	75%					
Costing and charges rationalization	80%					
Minimize revenue leakage	Structured waiver policy			100%		
	Networking (automation revenue systems)			100%		
	Set up an incentive system			100%		
Rational utilization of funds	Clear linkage of planning and budgeting			80%		

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5	Learning and research	Develop and implement a research fund	Optimize research funding	50%
		System for research management	Policies and guidelines for partnership through MOU. e.g. MTC, JKUAT, UON, MKU	80%
		Infrastructure for training	Set up resource centres.	60%
		Health Information management system (HIMS)	Create Space and set up an ICT centre	85%
		Continuous Medical Education (CMEs)	Budget for trainings and meetings Adjunct faculty	100% 85%

## **8. Corporate Governance Statement**

As Murang'a hospital healthcare corporate governance empowers to redefine their strategies, putting the patient at the heart of their operations. Transparent and stake-holder centric governance. Practices cultivate trust and inspire loyalty, while leveraging technology propels healthcare organisations into an area of data-driven decision making.

Patients- centric governance, transparent decision making, sustainability and ethical practices are key components of governance models employed by county government. By placing the patients at the heart our operations and incorporating responsible health workers, hospital has built trust with stakeholders, improve patients' outcomes, and create a sustainable and successful future in the competitive healthcare landscape.

By prioritizing patient-centric governance, transparency, and embracing technology, Murang'a hospital has chart a path to unappalled success and make a lasting impact on the lives of thousands. The future of healthcare in Murang'a beckons-seize the opportunity tom transform community and embrace a patient-centric future. The journey may be challenging, but the rewards are beyond measure.

As the hospital management we embrace accountability to the public as required bt the PFM Act 2012and chapter 12 of the Kenyan constitution 2010. In this regard, there is a hospital board legally constituted representing all categories required by health bill. The board has managed to meet quarterly since they were appointed early year 2023.

The appointment of the board was done by the governor and gazetted as per requirement of the law. They are to operate for the period of their tenure. There was induction training after the appointment and other training to ensure they have a vast knowledge about healthcare services. They are paid sitting allowance and transport reimbursement that is to say they are not paid monthly salary; the rate of allowance is well guided by salary and remuneration commission circular.

The board has managed to meet when need arises to enquire of a prompt issue that call for their attention.

The management ensures the board is adequately facilitated as key execute their mandate.

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**9. Management Discussion and Analysis**

**Clinical/operational performance**

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
<i>Bed capacity of the hospital</i>	297	297
<i>Overall patient attendance during the year for both inpatient and outpatient</i>	290,459	254,855
<i>Accident and Emergency attendance</i>	8,029	7,184
<i>Average length of stay for in patient</i>	7 days	7 days
<i>Bed occupancy rate</i>	102%	100%

The bed capacity has not changed though there are plans to add FY 2024/2025

There was an increase in workload, this is due to improvement in service delivery and additional medical equipment and other necessities for attending the patients.

There was drop in number of accident cases in the period of report.

Due to increase in number of patients, the bed capacity increased by 2%.

***Financial performance that includes***

***Revenue Analysis***

<b>MONTH</b>	<b>CASH</b>	<b>NHIF</b>
JULY	5,093,961.00	9,580,000.00
AUGUST	5,529,381.00	9,794,890.00
SEPTEMBER	5,740,045.00	10,032,020.00
OCTOMBER	6,582,444.00	9,654,781.00
NOVEMBER	6,265,887.00	11,484,400.00
DECEMBER	5,741,714.00	9,532,600.00
JANUARY	7,015,186.00	9,536,300.00
FEBRUARY	8,519,192.00	10,480,369.00
MARCH	7,726,930.00	5,540,500.00
APRIL	3,171,268.00	6,422,000.00
MAY	5,182,482.00	1,228,000.00
JUNE	7,762,359.00	8,525,000.00
<b>TOTAL</b>	<b>74,330,849.00</b>	<b>101,810,860.00</b>

There is an observed increase in revenue collection which is as a result of installation of digital revenue system and strengthening internal controls that seal loopholes,

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Part of month of March, April and May, there was a drop in collections due to national wide doctors and clinicians' strike. Murang'a hospital was not severely affected due to intervention that was done to cover up the same effect by engaging some clinicians who bridged the gap during that period.

○ ***Utilisation of funds***

The Fif bill 2023 gave the hospital authority to utilize the cash collected by the hospital.

The hospital normally prepares the monthly and quarterly budgets through hospital management team comprising all departmental heads. The board of management that meets once per quarter approve the budget. Authority to incur expenditure is granted by the chief officer health upon request by the hospital Aie holder that is medical superintendent.

The allocation is utilized as per authorized budget lines.

The payment vouchers once prepared are presented to the document examination, later to the chief officer for signing so that payment can be done.

All commitments and payments are controlled with a vote book to ensure proper utilization of funds without mis voting

**10. Environmental And Sustainability Reporting**

1. Choices of products is done with consideration of minimal waste potential, less carbon emission and biodegradability of product & package materials.
2. Ensuring environmentally safe waste treatment for the waste from the products supplied to the hospital by use of modern (microwave and shredder) waste treatment system for all hazardous wastes.
3. Proper disposal of waste for approved municipal site.
4. Protection of wastes from scavenging and leachate by fencing waste storage/treatment areas and sheltering, as well as prompt removal.
5. Products with potential harm to humans and environment as required to have a bio hazard label.
6. All health workers are sensitized and provided with personal protective equipment against hazardous products as wastes.

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7. Use of electricity for most of the energy needs in the hospital to minimize air pollution from carbon intensive energy sources.
8. All liquid waste drainage as connected safely to the municipal server and routine checks as drainage maintenance ensured

**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<sup>th</sup> 2023, which show the state of the Murang'a level five Hospital affairs.

**Principal activities**

The principal activities of the entity are to provide the highest standards of healthcare services to all residents of Murang'a county, where we have a team of medical professionals, faculty and staff.

**Results**

The results of the entity for the year ended June 30<sup>th</sup> 2024 are set out on pages 1 to 8.

**Board of Management**

The members of the Board who served during the year are shown on page (v). During the year, Ended 30<sup>th</sup> June 2024.

**Auditors**

The Auditor General is responsible for the statutory audit of the Murang'a level five hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

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.

.....  
.....

**Name** DR. FLORENCE KAGWAINI  
**Secretary to the Board**

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

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

The Board of Management is responsible for the preparation and presentation of the Murang'a level five Hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2024. 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 Murang'a level five Hospital; (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 Murang'a level five Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the Murang'a level five Hospital financial statements give a true and fair view of the state of Murang'a level five Hospital transactions during the financial year ended June 30, 2024, and of the Murang'a level five Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Murang'a level five Hospital, which have been relied upon in the preparation of the Murang'a level five Hospital 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 OR

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

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

The Hospital's financial statements were approved by the Board on 11<sup>TH</sup> September 2024 and signed on its behalf by:

.....  
Name: *KEVIN MURURI*  
Chairperson  
Board of Management

.....  
Name: *DR. FLORENCE KAGWATI*  
Accounting Officer

***Murang'a level five Hospital (Murang'a County Government)***  
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**13. Report of the Independent Auditor**

Office of the Auditor general  
Anniversary towers, University way  
Nairobi

Audit opinion f/y 2022/2023  
Qualified opinion

# REPUBLIC OF KENYA

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



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

*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON MURANG'A LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF MURANG'A**

### 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 Murang'a Level 5 Hospital set out on pages 1 to 51, which comprise the statement of assets and liabilities as at 30 June,

2024 and the statement of receipts and payments, statement of cash flows and statement of appropriation for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Murang'a Level 5 Hospital as at 30 June, 2024 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 Public Finance Management Act, 2012, the the County Governments Act, 2012 and the Health Act, 2017.

### **Basis for Qualified Opinion**

#### **1.0 Variance Between Financial Statement Balances and Supporting Schedules**

The audit review revealed anomalies between the financial statement and support schedules provided as follows:

<b>Component</b>	<b>Financial Statement Amount (Kshs)</b>	<b>Schedules (Kshs)</b>	<b>Variance (Kshs)</b>
Repairs and Maintenance (Property – Buildings)	1,014,856	715,356	299,500
Repairs and Maintenance (Furniture and Fittings)	24,000	0	24,000
Employee Cost	23,000	25,000	(2,000.00)
Inventories	10,236,079	3,389,400	6,846,679
Catering Expenses	443,000	303,370	139,630
Contracted Services	30,000	41,250	(11,250.00)
Electricity Expenses	7,180,000	9,227,000	(2,047,000.00)
Printing and Stationery	74,498	557,600	(483,102.00)
Cooking Gas	1,392,000	1,380,000	12,000.00
Water and Sewerage	250,000	200,000	50,000.00
Staff Training and Development	342,000	629,000	(287,000.00)

Further, the statement of financial performance for the year ended 30 June, 2024 reflects medical/clinical costs balance of Kshs.39,379,569 whereas the explanatory Note 15 to

the financial statement indicates a balance of Kshs.55,811,860 resulting to a variance of Kshs.16,432,291 which was not explained or reconciled.

In the circumstances, the validity, accuracy and completeness of the financial statement components could not be confirmed.

## **2.0 Inconsistencies in Inventory Count**

The statement of financial position reflects Kshs.10,236,079 in respect of inventories balance as disclosed in Note 30 as at 30 June, 2024. A sample of bin cards provided for audit verification revealed variances between the quantities recorded in the stock take sheet and the numbers documented in the bin cards as at end of financial year highlighting the inconsistencies in the reported stock levels as shown in Appendix 1.

In the circumstances, the accuracy, completeness and valuation of inventory balance of Kshs.10,236,079 could not be confirmed.

## **3.0 Unsupported Receivables from Exchange Transactions**

The statement of financial position and Note 28 to the financial statements reflects receivables from exchange transactions balance of Kshs.22,262,450. The amount relates to dues from the medical services rendered and which has not been supported by ledger and demand notices.

In the circumstances, the ownership, accuracy, completeness and recoverability of the trade receivables balance from exchange transactions of Kshs.22,262,450 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Murang'a Level 5 Hospital 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 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 Audit Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Other Matter and Report on Lawfulness and Effectiveness in use of public resources and the report on effectiveness of internal controls, risk management and governance. However, Appendix 1 to the financial statements in relation to progress on follow up of prior year auditors' recommendations, the Management has not provided explanations on how issues for the year ended 30 June, 2023 were resolved.

## **Other Information**

### **Conclusion**

The Management is responsible for the Other Information set out on page iii to xx which comprise of Key Entity Information and Management, The board of Management, Key Management team, Chairman's Statement, Report of The Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Statement of Board of Management's Responsibilities and Report of the Independent Auditors on the Murang'a Level 5 Hospital. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 effects of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Failure to Prepare a Procurement Plan**

The statement of financial performance for the year ended 30 June, 2024 reflects a total general expenses balance of Kshs.12,289,141. This balance is Kshs.1,524,000, Kshs.1,392,000, and Kshs.696,600 spent on fuel and lubricants, cooking gas and general office supplies respectively. However, the Hospital's procurement function and accounting officer did not prepare a procurement plan for its planned purchases to schedule the acquisition of the goods and services it needed for the year contrary to Regulation 40.(1) of the Public Procurement and Asset Disposal Regulations, 2020

In the circumstances, Management was in breach of law.

### **2. Deficiencies in Implementation of Universal Health Coverage**

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists at the time of audit in the month of December, 2024 revealed that the it did not meet the requirements of Kenya Quality Model for Health policy Guidelines due to staff deficits by 586 staff requirements or 72% of the authorized establishment.

<b>Staff Requirements</b>	<b>Level 5 Standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Medical Officers	50	16	34	68%
Dental Officers	30	4	26	87%
radiographers	23	7	16	70%
Nutrition and Dietetics Officers	38	6	32	84%
Registered Clinical Officers	83	31	52	63%
Physiotherapist	17	7	10	58%
Kenya Registered Community Health nurses	578	162	416	72%
<b>Total</b>	<b>819</b>	<b>233</b>	<b>586</b>	<b>72%</b>

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

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

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

### **Conclusion**

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

#### **Incomplete Accounting Records**

Review of the payment schedules related to repairs and maintenance, revealed that some of the schedules lacked critical details such as the Payment Voucher (PV) numbers, dates, cheque numbers, and invoice numbers. The absence of this essential information made it difficult to verify the legitimacy and accuracy of the payments. Without these references, it is challenging to trace the payments back to the corresponding invoices or supporting documentation, thereby hindering the audit process and raising concerns about the completeness and transparency of the payment records.

In the circumstances, the effectiveness of accounting system and internal controls in place 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 those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Hospital'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 for 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 IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

**24 January, 2025**

### Appendix I Inconsistencies in Inventory Count

Item	Stock takes sheet number	Bin Card Number
Amoxicillin oral 250mg DT	30,100	28,100
Atracurium besylate inj. 10mg/ml	260	245
Syringes 20cc	1707	1677
Nylon 9/10	Blank	Based on receipts and Issues: 2 but indicated as NIL
Branular	5645	5725
X-Ray Film	2	0
Folley Catheter '20'22'	Blank	151
Bin Liners	65	5250
Identification tags	44	43
Prednisolone tablets 5 mg	109000	107000
Metronidazole injection	157	132
Omeprazole IV 40mg	350	260
Ciprofloxacin (eye/ear drops)	205	155
Diazepam inj 5mg/ml, 3ml	2700	2670
Bupivacaine Hcl Inj 5mg	210	185

*Murang'a level five Hospital (Murang'a County Government)*  
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**14. Statement of Financial Performance for The Year Ended 30 June 2024**


Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	0	3,819,190
In- kind contributions from the County Government	7	0	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	11,712,889	0
		<b>11,712,889</b>	<b>3,819,190</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	74,330,849	41,764,592
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	591,000	177,000
<b>Revenue from exchange transactions</b>		<b>74,921,849</b>	<b>177,000</b>
<b>Total revenue</b>		<b>86,634,738</b>	<b>45,760,782</b>
<b>Expenses</b>			
Medical/Clinical costs	15	39,379,569	946,900
Employee costs	16	23,000	0
Board of Management Expenses	17	104,000	0
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	4,016,150	0
Grants and subsidies	20	0	0
General expenses	21	12,289,141	138,085
Finance costs	22	0	0
<b>Total expenses</b>		<b>55,811,860</b>	<b>1,084,985</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	0	0


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Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	(0)	(0)
Gain on foreign exchange transactions		0	0
<b>Total other gains/(losses)</b>		<b>0</b>	<b>0</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>30,822,878</b>	<b>34,834,559</b>

*(The notes set out on pages 31 to 52 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 11<sup>th</sup> September 2024 and signed on its behalf by:

  
 .....  
**Chairman** **KELVIN MBURU**  
**Board of Management**

  
 .....  
**Head of Finance**  
**ICPAK No:16253**

  
 .....  
**Medical Superintendent**

*Murang'a level five Hospital (Murang'a County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2024**



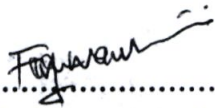
Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	11,955,109	34,868,908
Receivables from exchange transactions	28	22,262,450	38,820,148
Receivables from non-exchange transactions	29	0	0
Inventories	30	10,236,079	0
<b>Total Current Assets</b>		<b>44,453,638</b>	<b>73,689,056</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	189,155,188	189,155,188
Intangible assets	32	0	0
Investment property	33	0	0
<b>Total Non-current Assets</b>		<b>189,155,188</b>	<b>189,155,188</b>
<b>Total assets (A)</b>		<b>233,608,826</b>	<b>262,844,244</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	6,364,870	5,789,520
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
Social Benefits	41	0	0
<b>Total Current Liabilities</b>		<b>6,364,870</b>	<b>5,789,520</b>
<b>Non-current liabilities</b>			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession Arrangements	40	0	0

**Murang'a level five Hospital (Murang'a County Government)**  
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Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Social Benefits	41	0	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities (B)</b>		<b>6,364,870</b>	<b>5,789,520</b>
<b>Net assets (A-B)</b>		<b><u>227,243,956</u></b>	<b><u>257,054,724</u></b>
<b>Represented by:</b>			
Revaluation reserve		0	0
Accumulated surplus/Deficit		30,822,878	76,632,050
Capital Fund		196,421,078	180,422,674
<b>Net Assets</b>		<b><u>227,243,956</u></b>	<b><u>257,054,724</u></b>

(The notes set out on pages 31 to 52 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on \_\_\_\_11<sup>th</sup> September 2024 \_\_\_\_ and signed on its behalf by:

		
.....	.....	.....
<b>Chairman <i>KENNY MBUYI</i></b> <b>Board of Management</b>	<b>Head of Finance</b> <b>ICPAK No: 16253</b>	<b>Medical Superintendent</b>

*Murang'a level five Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**16. Statement of Changes in Net Asset for The Year Ended 30 June 2024**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023</b>	<b>0</b>	<b>34,834,559</b>	<b>147,274,406</b>	<b>182,108,965</b>
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	41,797,491	0	41,797,491
Capital/Development grants	0	0	33,148,268	33,148,268
<b>As at June 30, 2023</b>	<b>0</b>	<b>76,632,050</b>	<b>180,422,674</b>	<b>257,054,724</b>
<b>At July 1, 2023</b>	<b>0</b>	<b>76,632,050</b>	<b>180,422,674</b>	<b>257,054,724</b>
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	30,822,878	0	30,822,878
Capital/Development grants	0	0	196,421,078	196,421,078
<b>At June 30, 2024</b>	<b>0</b>	<b>30,822,878</b>	<b>196,421,078</b>	<b>227,243,956</b>

*Murang'a level five Hospital (Murang'a County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024*

**17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		0	3,819,190
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		11,712,889	0
Rendering of services- Medical Service Income		74,330,849	0
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts (Interns fee)		591,000	177,000
<b>Total Receipts</b>		<b>86,634,738</b>	<b>3,996,190</b>
<b>Payments</b>			
Medical/Clinical costs		39,379,569	2,499,255
Employee costs		23,000	0
Board of Management Expenses		104,000	0
Repairs and maintenance		0	1,261,106
Grants and subsidies		4,016,150	0
General expenses		12,289,141	201,480
Finance costs		0	0
Refunds paid out		0	0
<b>Total Payments</b>		<b>55,811,860</b>	<b>3,961,841</b>
<b>Net cash flows from operating activities</b>		<b>30,822,878</b>	<b>34,349</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(0)	(0)
Purchase of intangible assets		(0)	(0)
Proceeds from the sale of PPE		0	0
Acquisition of investments		(0)	(0)
<b>Net cash flows used in investing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		(0)	(0)
Repayment of borrowings		(0)	(0)
Capital grants received		(0)	(0)

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Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash and cash equivalents		30,822,878	34,349
Cash and cash equivalents as at 1 July	27	34,349	0
Cash and cash equivalents as at 30 June	27	30,857,227	34,349

*Murang'a level five Hospital (Murang'a County Government)*  
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**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024**

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	
<b>Revenue</b>						
Transfers from the County Government	0	0	0	0	0	%
Grants from donors and development partners	0	0	0	0	0	%
Transfers from other Government entities	0	0	0	0	0	%
Public contributions and donations	11,712,889	0	11,712,889	11,712,889	0	100%
Rendering of services- Medical Service Income	74,330,849	0	74,330,849	74,330,849	0	100%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Miscellaneous receipts (interns)	591,000	0	591,000	591,000	0	100%
<b>Total income</b>	<b>86,634,738</b>	<b>0</b>	<b>86,634,738</b>	<b>86,634,738</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Medical/Clinical costs	46,620,000	0	46,620,000	39,379,569	7,240,431	84%
Employee costs	60,000	0	60,000	23,000	37,000	38%
Remuneration of directors	160,000	0	160,000	104,000	56,000	65%
Repairs and maintenance	9,150,000	0	9,150,000	4,016,150	0	44%
Grants and subsidies	0	0	0	0	0	%
General expenses	15,780,000	0	15,780,000	12,289,141	3,490,859	80%
Finance costs	0	0	0	0	0	%
Refunds	0	0	0	0	0	%
<b>Surplus for the period</b>	<b>14,864,738</b>	<b>0</b>	<b>14,864,738</b>	<b>30,822,878</b>		<b>37.8%</b>
<b>Capital expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>%</b>

**Murang'a level five Hospital (Murang'a County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

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

### **1. General Information**

Murang'a level five Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Murang'a County Government and is domiciled in Murang'a County in Kenya. The entity's principal activity is to offer health care services with equity to all residents of Murang'a County at large.

### **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 Murang'a level five Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Murang'a level five Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024*

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 2024.*

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

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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><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial 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><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><i>State the expected impact of the standard to the Entity if relevant</i></p>

***iii) Early adoption of standards***

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

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

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

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

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

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

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

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

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 2023/2024 was approved by Board on 5<sup>th</sup> January 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. The hospital budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 14 of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Research and development costs**

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

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

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

**i. Financial instruments**

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

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

*Notes to the Financial Statements (Continued)*

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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

*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

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

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. 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.

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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	0	3,819,190
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants ( <i>specify</i> )	0	0
	<b>0</b>	<b>0</b>
<b>Conditional grants</b>		
User fee forgone	0 /	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
<b>Total government grants and subsidies</b>	<b>0</b>	<b>3,819,190</b>

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	FY 2022/2023
			KShs	KShs	KShs
Murang'a County Government	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
<b>Total grants in kind</b>	<b>0</b>	<b>0</b>

8. Grants From Donors and Development Partners

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants ( <i>specify</i> )	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	FY 2022/2023
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

**10. Public Contributions and Donations**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	11,712,889	0
Other donations( <i>specify</i> )	0	0
Donations in kind-amortised	0	0
<b>Total donations and sponsorships</b>	<b>11,712,889</b>	<b>0</b>

It was for TB, covid 19, HIV and malaria laboratory reagents from ministry of health, Amref, Meds, KEMSA, Global fund. It's in kind but quantified in Kenya shillings.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	0	0
Amortised and transferred to revenue	0	0
<b>Conditions to be met – remain liabilities</b>	<b>0</b>	<b>0</b>

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Casualty	5,050	0
Clinic	2,533,680	1,290,525
CT SCAN	5,000	0
Dental	722,371	438,528
Dressing	480	0
Injection	3,310	0
Labaratory	6,893,388	4,314,281
Maternity	100	0
Morgue	4,690,995	3,955,106
Optical	101	0
Other medical services income ( <i>specify</i> )	11,433,153	6,795,098
Pharmacy	7,118,573	3,846,519
Physiotherapy	200	0
Radiology	14,219,085	6,469,335
Wards	26,705,264	14,655,194
X-Ray	100	0
<b>Total revenue from the rendering of services</b>	<b>74,330,849</b>	<b>41,764,592</b>

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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
<b>Total Revenue from rent of facilities</b>	<b>0</b>	<b>0</b>

*(Provide brief explanation for this revenue)*

13. Finance /Interest Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

*(Provide brief explanation for this revenue)*

14. Miscellaneous Income

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
Student interns	591,000	177,000
<b>Total Miscellaneous income</b>	<b>591,000</b>	<b>177,000</b>

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Dental costs/ materials	2,101,505	0
Laboratory chemicals and reagents	13,444,387	0
Public health activities		0
Food and Ration	715,000	8,685
Uniform, clothing, and linen		0
Dressing and Non-Pharmaceuticals	14,369,294	0
Pharmaceutical supplies	8,158,133	167,870
Health information stationery		0
Reproductive health materials		0
Sanitary and cleansing Materials	591,250	0
Purchase of Medical gases		0
X-Ray/Radiology supplies		0
Other medical related clinical costs ( <i>specify</i> )		0
<b>Total medical/ clinical costs</b>	<b>55,811,860</b>	<b>176,555</b>

16. Employee Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Salaries, wages, and allowances	23,000	0
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs ( <i>specify</i> )	0	0
<b>Employee costs</b>	<b>23,000</b>	<b>0</b>

Notes to the Financial Statements (Continued)

**17. Board of Management Expenses**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	104,000	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
<b>Total</b>	<b>104,000</b>	<b>0</b>

**18. Depreciation and Amortization Expense**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

**19. Repairs And Maintenance**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property- Buildings	1,014,856	0
Medical equipment	2,191,938	0
Office equipment	0	0
Furniture and fittings	24,000	0
Machinery	70,000	0
Motor vehicle expenses	715,356	524,717
Maintenance of civil works	0	148,584
<b>Total repairs and maintenance</b>	<b>4,016,150</b>	<b>673,301</b>

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20. Grants And Subsidies

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies( <i>specify</i> )	0	0
<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

21. General Expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	443,000	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	4,643	1,450
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	30,000	0
Electricity expenses	7,180,000	587,805
Fuel and Lubricants	1,524,000	2,202,700
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	0	0
Legal expenses	0	0
Cooking gas	1,392,000	0
Courier and postal services	0	0
Printing and stationery	74,498	201,480
General office supplies	696,600	0
Rent expenses	0	0
Water and sewerage costs	250,000	0
Skills development levies	0	0

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Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Telephone and mobile phone services	84,400	120,000
Internet expenses	268,000	0
Staff training and development	342,000	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
<b>Total General Expenses</b>	<b>12,289,141</b>	<b>3,113,435</b>

**22. Finance Costs**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised ( <i>specify</i> )	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

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Notes to the Financial Statements (Continued)

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
<b>Total Gain/Loss</b>	<b>0</b>	<b>0</b>

**26. Impairment Loss**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

**27. Cash And Cash Equivalents**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current accounts	11,955,109	34,868,908
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others( <i>specify</i> )- Mobile money	0	0
<b>Total cash and cash equivalents</b>	<b>11,955,109</b>	<b>34,868,908</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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Notes to the Financial Statements (Continued)

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

Description		FY 2023/2024	FY 2022/2023
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1324434368	3,785,628	0
Kenya Commercial bank	1310126690	8,169,481	0
<b>Sub- total</b>		<b>11,955,109</b>	<b>0</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0	0
Equity Bank – etc.		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed deposits account</b>			
Bank Name		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>d) Others(specify)</b>			
cash in hand		0	0
Mobile money- M-pesa, Airtel money		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>		<b>11,955,109</b>	<b>0</b>

28. Receivables From Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Medical services receivables	22,262,450	38,820,148
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
<b>Total receivables</b>	<b>22,262,450</b>	<b>38,820,148</b>

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**Analysis of Receivables From Exchange Transactions**

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	22,262,450	100%	38,820,148	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>22,262,450</b>	<b>%</b>	<b>38,820,148</b>	<b>%</b>

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors ( <i>non-exchange transactions</i> )	0	0
Less: impairment allowance	(0)	(0)
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
	FY2023/2024	% of the total	FY2022/2023	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (a+b)</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

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**30. Inventories**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	6,846,679	0
Non pharmaceuticals	3,093,205	0
Food supplies	0	0
X ray supplies	91,400	0
Cleaning materials supplies	8,100	0
General supplies	196,695	0
Less: provision for impairment of stocks	(0)	(0)
<b>Total</b>	<b>10,236,079</b>	<b>0</b>

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**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2023	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	0	0	(0)	0			0	(0)
<b>At 30<sup>th</sup> Jun 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 1 July 2023	35,000,000	154,155,188	0	0	0	0	0	189,155,188
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments		0		0			(0)	0
<b>At 30<sup>th</sup> Jun 2024</b>	<b>35,000,000</b>	<b>154,155,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>189,155,188</b>
<b>Depreciation and impairment</b>								
At 1 July 2023		0	0	0	0	0		0
Depreciation for the year		0	0	0	0	0		0
Disposals								
Impairment		(0)	(0)	(0)	(0)	(0)		(0)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 June 2024	35,000,000	154,155,188	0	0	0	0	0	189,155,188
At July 2024	35,000,000	154,155,188	0	0	0	0	0	189,155,188
Depreciation		0	0	0	0	0		0
Disposals		(0)	(0)	(0)	(0)	(0)		(0)
Impairment		(0)	(0)	(0)	(0)	(0)		(0)
Transfer/adjustment		0	0	0	0	0		0
<b>At 30<sup>th</sup> June 2024</b>	<b>35,000,000</b>	<b>154,155,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>189,155,188</b>
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2023	35,000,000	154,155,188	0	0	0	0	0	189,155,188
At 30 <sup>th</sup> Jun 2024	35,000,000	154,155,188	0	0	0	0	0	189,155,188

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**32. Intangible Assets-Software**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	0	0
Amortization for the period	0	0
Impairment loss	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>NBV</b>	<b>0</b>	<b>0</b>

**33. Investment Property**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
<b>At beginning of the year</b>	0	0
Additions	0	0
Disposals during the year	(0)	(0)
Fair value gain	0	0
Depreciation ( <i>where investment property is at cost</i> )	(0)	(0)
Impairment	(0)	(0)
<b>At end of the year</b>	<b>0</b>	<b>0</b>

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

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**34. Trade and other Payables**

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Trade payables	6,364,870		5,789,520	
Employee dues	0		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
<b>Total trade and other payables</b>	<b>6,364,870</b>		<b>5,789,520</b>	
<b>Ageing analysis:</b>	<b>FY 2023/2024</b>	<b>% of the Total</b>	<b>FY 2022/2023</b>	<b>% of the total</b>
Under one year	6,364,870	100%	5,789,520	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>6,364,870</b>	<b>%</b>	<b>5,789,520</b>	<b>100%</b>

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

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
<b>Total deposits</b>	<b>0</b>		<b>0</b>	
<b>Ageing analysis:</b>	<b>FY 2023/2024</b>	<b>% of the Total</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

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36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
<b>Total Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

37. Finance Lease Obligation

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

38. Deferred Income

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to statement of financial performance	(0)	(0)	(0)	(0)
Other transfers ( <i>Specify</i> )	(0)	(0)	(0)	(0)
<b>Balance C/F</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

39. Borrowings

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
<b>Balance at end of the period</b>	<b>0</b>	<b>0</b>

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

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).*

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

**40. Service Concession Arrangements**

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	(0)
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

**41. Social Benefits**

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

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 Notes to the Financial Statements (Continued)

**42. Cash Generated from Operations**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>KShs</b>	<b>KShs</b>
Surplus for the year before tax	30,822,878	0
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
<b>Working Capital adjustments</b>		
Increase in inventory	(10,236,079)	(0)
Increase in receivables	16,557,698	(0)
Increase in deferred income	0	0
Increase in payables	575,350	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>37,719,847</b>	<b>0</b>

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

**43. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 30 June 2024	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from. 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.

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

**44. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services	0	0
Sales of services	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>b) Grants from the Government</b>		
Grants from County Government	0	0
Grants from the National Government Entities	0	0

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Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donations in kind	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>d) Key management compensation</b>		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**45. Segment Information**

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

**46. Contingent Liabilities**

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**47. Capital Commitments**

Capital Commitments	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

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

**50. Currency**

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

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 20. Appendices


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

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

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

**Guidance Notes:**

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

.....  
  
**Accounting Officer**

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

*(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							

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

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (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 ..... Elias K. Karuru Sign ..... [Signature] Date ..... 11/09/2024

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Elias K. Karuru Sign ..... [Signature] Date ..... 11/09/2024

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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

**Annex 1: Bank Reconciliation**

F.O.30

REPUBLIC OF KENYA

BANK RECONCILIATION

MURANGA - MINISTRY OF HEALTH

MURANGA REFERRAL HOSPITAL FIF A/C

From Date: 01-JUNE-24 To: 30TH-JUNE-24

Bank: Central Bank of Kenya, Branch: Head Office, Account Number: 1324434368

**Balance as per bank certificate:.....Kshs. 3,785,628.50**

- 1. Less --
  - i. Payment in Cash Book not yet recorded in Bank Statement (Unpresented Cheques) -2,838543
  - ii. Receipts in Bank Statement not yet recorded in Cash Book -0
- 2. Add --
  - i. Payment in Bank Statement not yet recorded in Cash Book -0

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ii. Receipts in Cash Book not yet Recorded in Bank Statement -0

**Bank Balance as per Cash Book**

**Kshs. 947,085.50**

Reconciled by: Piase Karuru Signature: [Signature] Date: 01/07/2024

Reviewed by: JEDIDA MURUGU Signature: [Signature] Date: 5/7/24

Approved by: DR. FLORENCE K. Signature: [Signature] Date: 05/07/2024

**A. Payment in Cash Book not yet recorded in Bank Statement**

Value Date	Reference No.	Transaction Details	Dr. Amount
20/5/2024	0110	COMMISSIONER OF DOMESTIC TAXES	20,970.00
21/5/2024	124	BOTTOM SWITCH CO. LTD	10,000.00
26/5/2024	127	CROWN HEALTHCARE	82,585.00
"	128	BETA CARE INTERNATIONAL LTD	547,986.00
"	129	COMMISSIONER OF DOMESTIC TAXES	9,614.00
"	130	SUNCARE MEDICAL AND SURGICAL LTD	111,000.00
"	131	MURANGA PHARMACEUTICALS	900,000.00
"	132	MURANGA PHARMACEUTICALS	338,856.00
28/5/2024	133	KRISPEARL ENTERPRISES LTD	292,243.00
"	134	COMMISSIONER OF DOMESTIC TAXES	5,127.00
"	135	FNWA ENERGY KENYA	300,000.00
"	136	KRISPEARL ENTERPRISES LTD	210,605.00
"	137	COMMISSIONER OF DOMESTIC TAXES	3,695.00
"	139		5,862.00
		TOTAL	2,838,543

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**Annex 2: Trial Balance**

<b>DESCRIPTION</b>	<b>Dr.</b>	<b>Cr.</b>
Fund Balance		0
Transfers from the County Government		0
In- kind contributions from the County Government		0
Grants from donors and development partners		0
Transfers from other Government entities		0
Public contributions and donations		0
Rendering of services- Medical Service Income		74,330,849
Revenue from rent of facilities		0
Finance /Interest Income		0
Miscellaneous Income-Interns		591,000
Medical/Clinical costs	39,379,569	
Employee costs	23,000	
Board of Management Expenses	104,000	
Depreciation and amortization expense	0	
Repairs and maintenance	4,016,150	
Grants and subsidies	0	
General expenses	12,289,141	
Finance costs	0	
Gain/Loss on disposal of non-Current assets	0	
Unrealized gain on fair value of investments	0	
Medical services contracts Gains/Losses	0	
Impairment loss	0	
Gain on foreign exchange transactions	0	
Fund Balance		<b>30,822,878</b>