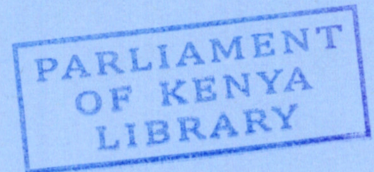


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

MBEERE SUB COUNTY HOSPITAL

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

COUNTY GOVERNMENT OF EMBU

PAPERS LAID	
DATE	04.12.2025
TABLED BY	S.M.H
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman



**Mbeere Sub County Hospital
Embu County Government**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

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

***Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025***

2. Key Entity Information and Management

(a) Background information

Mbeere Sub County Hospital is a level (4) hospital and is domiciled in Embu County under the Health Department. The hospital is governed by a Hospital Board and HMT members.

(b) Principal Activities

The principal activity/mission/mandate of the hospital is provision of preventive, curative, and rehabilitative health services to all citizens of Embu County and the Republic of Kenya.

Vision: To ensure access to quality and affordable health care and healthy environment for all the residents of Embu County.

Mission: To **build a progressive, responsive and sustainable health care system** for accelerated attainment of the highest standard of health to all citizens.

(c) Key Management

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

County
department
of health
Hospital
Board
Hospital Management Team (HMT)

(d) Fiduciary Management

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

SN	Designation	Name
1.	Medical Superintendent/CEO	Dr. Benson Mbuthu
2.	Hospital Administrator	Faith W. Muriuki
3.	Nursing Services Manager	Florence Nyawira
4.	Head of finance/Accountant	Benson Chege
5.	Head of Supply Chain	Rosaline Kanyi
6	Nutritionist	Felista Mwaniki
7	Pharmacist In charge	Dr. Major Nyamai

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Embu County Government
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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

- Hospital Management Team (HMT)
- Clinical Research Quality and Standards Committee
- County Assembly
- County Health Management Team (CHMT)

(f) Entity Headquarters

Mbeere Sub County Hospital
P.O. BOX 81
SIKAKO
EMBU

(g) Entity Contacts

Telephone: (+254)0102-661762
E-mail: mohmbeere@yahoo.com

(h) Entity Bankers

Cooperative Bank- Siakago
Branch Equity Bank - Embu
Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

P.O. Box 273-60100
Embu

3. The Board of Management

Board members	Details
Egidio Kariuki 	Board chairman. Possess Masters in Business Management (Procurement option) from Karatina University. Currently working as Procurement Officer In charge at Mbeere North Technical And Vocational College a position he has previously held in different organizations.
Martin Njeru Murage 	Board Member: He is 63 years. Possesses a degree in Education from Kenyatta University. Has previously served as a Senior head teacher between the years 1999-2022. Officially retired from teaching service in the year 2022 and is currently involved in community service.
Jane W Mureithi 	Board member. She is 63 years. Possess a Bachelors of Art in Education from Kenyatta University and a diploma in guidance and counselling. Has previously served in TSC in various schools until 2022 when she officially retired and is Currently in community service.
Emmanuel M Munyi 	Board Member. He is 36 years. Possess a Bachelors Degree in ICT from Mount Kenya University. He is currently working with Kenya Rural Roads Authority as an ICT officer, a position he has previously held in different institutions.
Sicily Kanini Njeru 	Board member. She is 35 years old. Currently involved in active community service. She holds a Bachelors degree in Commerce from Catholic University of Eastern Africa. Has previously worked with Laikipia university, KUDHEIHA Workers union and WINAS Sacco.
Dr. Benson Mbuthu 	Hospital Board Secretary. Possess a Bachelor of Medicine and Surgery and currently a practicing Medical Officer.

*Mbeere Sub County Hospital
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Annual Report and Financial Statements for The Year Ended 30th June 2025*

4. Key Management Team

	Management	Details
1	Dr. Benson Mbuthu	Medical Superintendent
2	Faith Muriuki	Hospital Administrative Officer
3	Florence Nyawira	Nursing Services Manager
4	Dr. Major Nyamai	In charge Pharmacy
5	Amon Murithi	In charge Laboratory
6	Bob Lewis Mbogo	In charge Health Records
7	Benson Chege	In charge Accounts
8	Rosaline Kanyi	In charge Procurement
9	Donald Kivuti	In charge Biomedical Engineering
10	Felista Mwaniki	In charge Nutrition
11	Lewis Gichuki	In charge Mortuary
12	James Gitau	In charge Medical Social Work
13	Hilda Njoki	In charge Public Health
14	Juliet Wanjiru	In charge Rehabilitative Dept
15	Erastus Kinyua	Ophthalmology Nurse
16	Dr. Daniel Ovamba	ENT Surgeon

5. Chairman's Statement

The Board of Management for Mbeere Sub-County Hospital was appointed on 18th March, 2025. During the Fiscal year under review, 2024-2025, the Board witnessed a major milestone in its operations through the enactment of the Embu County Health Services Act, 2024 which saw the hospital attain financial management autonomy. The Act gave the Hospital Board the authority to Budget, Procure and spend all monies generated by the hospital to ensure smooth running of operations. This means that, the hospital Board in collaboration with the Hospital Management can prioritize the needs of the hospital and allocate funds accordingly. The Board hereby confirms that the hospital is now able to place orders for all essential commodities like Drugs, non- pharmaceuticals, laboratory reagents with the authorized suppliers (KEMSA & Mission for Essential drugs & Supplies) in addition to all other commodities needed for provision of health services. This means that, patients do not have to travel all the way to Embu to seek services because the hospital is well stocked with the necessary commodities which further translates to better health outcomes. The hospital has also recorded a higher workload of patients seeking health services compared to the previous years.

The Board further takes notice and appreciates the fact that the hospital has highly qualified and well trained staff, who are committed to offering services to the patients 24/7.

The journey was not without challenges which revolve around a lack of departments which are crucial to service delivery. Missing departments include the following; Radiology, dental, mental health, Emergency unit, a standard new born unit and a stand by ambulance. Staff shortage was experienced in some key departments thus affecting service delivery. Some of the departments affected were Nursing, revenue unit and rehabilitative department. During the year under review, remittance to SHA for the casual employees was not done on time hence the staff could not access medical services.

Moving forward, the board will continue to collaborate with relevant stakeholders to ensure continued development of the hospital. The board shall lobby for funding to complete the stalled OPD block and construction of a modern ablution block for patients and staff and also lobby for more staff in all departments. The board will also continue to oversee hospital operations to ensure prudent allocation and management of available resources for efficiency in service delivery.

.....


Name: Egidio Kariuki Njue
Chairman to the Board

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

6. Report of The Medical Superintendent

Mbeere Sub-County Hospital is a level 4 hospital located in Mbeere North Sub County, Embu County with a catchment population of 18,792. The hospital has the following departments; Inpatient, Theater, Outpatient, Laboratory, Pharmacy, Rehabilitative unit, Eye unit, MCH unit, Comprehensive Care Clinic and Mortuary department. During the period under review, the hospital attended to a total of 56,412 patients. 13, 111 were general outpatients, 12,537 were MCH clients, 29,761 of Special clinics and 1,003 were inpatients.

The Embu County Health Services Act, 2024 was enacted in the month of July, 2024 which was a great milestone in provision of health services within the county. The hospital management team through the Act has the authority to set priorities and budget for all the monies generated at the hospital level. This has greatly improved on service delivery as cases of stock outs are almost nil compared to the previous years.

During the year under review, the hospital recorded an increase in revenue collection from Mpesa and SHA payments whereby the hospital raised a total of Kshs 14,169,741 against a revenue projection of Kshs 7, 438,370. This was made possible by concerted efforts between the hospital and Community Health Assistants at the grass root level to educate the members of the public on SHA and also register members of the public with SHA. This would see more people enrolled into the medical scheme hence reducing the burden of waiving hospital bills since SHA will settle those bills.

Mbeere Sub County Hospital has a total of 97 staff members; 78 are medical staff drawn from different departments while 19 are non-medical staff. The Management takes pride of the level of adequate training and skills the staff possess which is a major asset in service delivery. During the period under review, the County Government deployed OBS/Gynaecologist into the facility. This means that patients will no longer have to travel to Embu for review and maternity cases that require the attention of a specialist are now catered for.

On matters infrastructure, the facility has an ongoing construction of an OPD block which is set to give the hospital a new face and enhance patients flow as all outpatient units shall be under one roof. The project is courtesy by the Embu County Government.

Pending construction/ renovations include the following; construction of ablution block, construction of an incinerator/burning chamber, installation of coolers in the mortuary, construction of a perimeter wall, renovation of the kitchen and overall face lifting of the hospital.

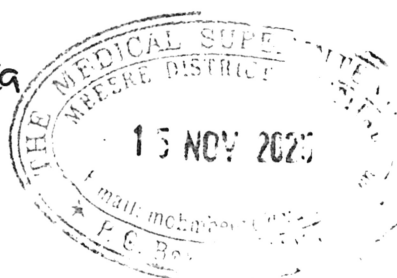
The hospital is also experiencing staff shortage of some cadres such as Pediatric CO, mental health specialists, nurses, theater nurse, Physiotherapist, Anesthetist, revenue clerks, security officers/guards and cooks.

Despite the challenges, the management of the hospital has remained committed to fulfilling its core mandate throughout the period under review.



Name : **Dr. Rajab Amwoka**

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Mobilization of resources for Facility Improvement Fund	To mobilize resources to achieve/meet the budgetary needs	Annual revenue collection	-setting annual budget -revenue collection targets	-budget formation -revenue collection
Increased number of patients	To attract high number of patients to improve revenue	Number of patients visits	-keeping records of patients -improving level of Services in the facility	-Number of patients -improved services

For the period under review, the facility made a total collection of Kshs14,169,741 against a targeted budget of kshs7,438,370.00, thus reporting an increased collection by ksh.6,731,371 which is 90% increase.

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

8. Corporate Governance Statement

The hospital is governed by a Hospital Board established by The Embu County Health Services ACT, 2024.

The act requires the Board to have;

- i. A non-executive Chairperson who shall be appointed by the Executive Member with the approval of the County Assembly
- ii. The Medical Superintendent who shall be the Secretary of the board
- iii. The Sub-County Administrator of the Sub County in which the facility is domiciled,
- iv. An Accountant designated by the Executive Member in consultation with the County Secretary
- v. Four Sub County residents appointed by the Executive Member with the approval of the County Assembly and the board may co-opt any other officer as may deem appropriate

The Act requires that the term of office for hospital board members shall be three years which may be renewed for another further and final term.

Removal from office;

- A board member may at any time resign by issuing notice in writing to the appointing authority
- Be removed from office by the appointing authority in case of serious violation of the constitution or any other written law
- Gross misconduct or in case of physical or mental incapacity to function the functions of the office.

The PMF Act Section 166 of the Public Finance Management Act, 2012 require the Board to prepare quarterly and annual financial statements in respect of that entity, which shall give a true and fair view of the state of affairs of the entity at the end of the period and the operating results of the entity for that period. The Board members are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity.

An overview of the responsibilities of the Board includes:

- a. Providing oversight over the administration of the hospital;
- b. Promoting the development of the hospital;
- c. Approving plans and programs for implementing County health strategies in the hospital;
- d. Approving the hospital budget estimates before submission to the Department's Accounting Officer
- e. Ensure that adequate financial management arrangements and controls and ensuring that these continue to be effective throughout the reporting period.
- f. Carrying out any other function as assigned by the Executive Member

Corporate Governance Statement (Contd)

During the period under review, the board has held one meeting since its inception in April 2025. Before the board resumed its duties, the members underwent a vigorous induction for 3 days which served as an eye opener, gave the members a broader view of expectations of the appointing authority and also helped them understand their roles and responsibilities in the entity. The remuneration for the board allowances is as per the Salaries and Remuneration Commission guidelines.

The Board of Directors accepts responsibility for Mbeere Sub County Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2024 and. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30th June, 2025. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

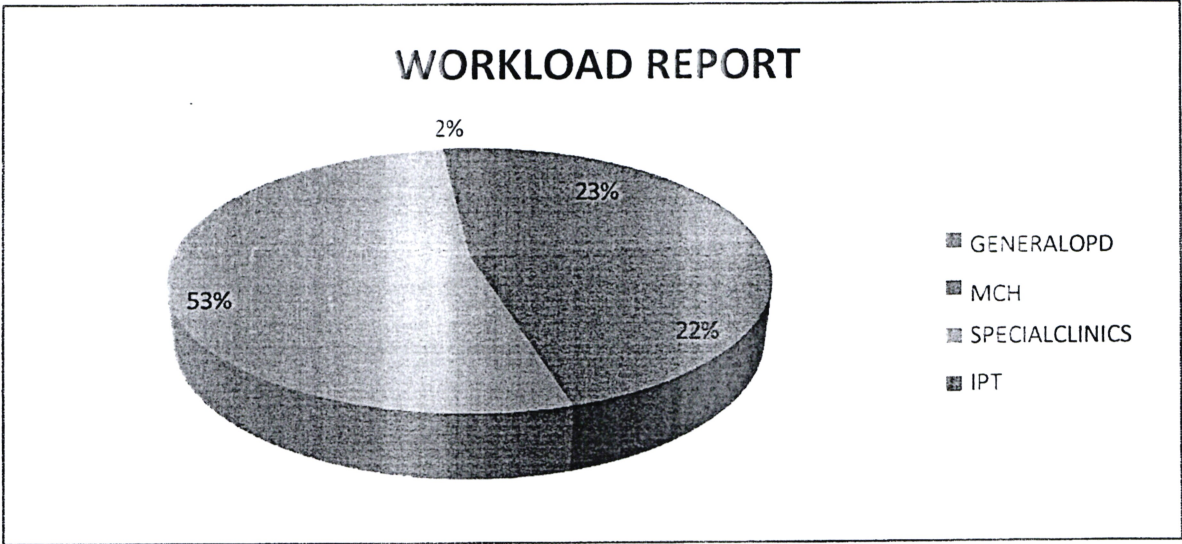
Nothing has come to the attention of the Board to indicate that the Mbeere Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

9. Management discussion and analysis

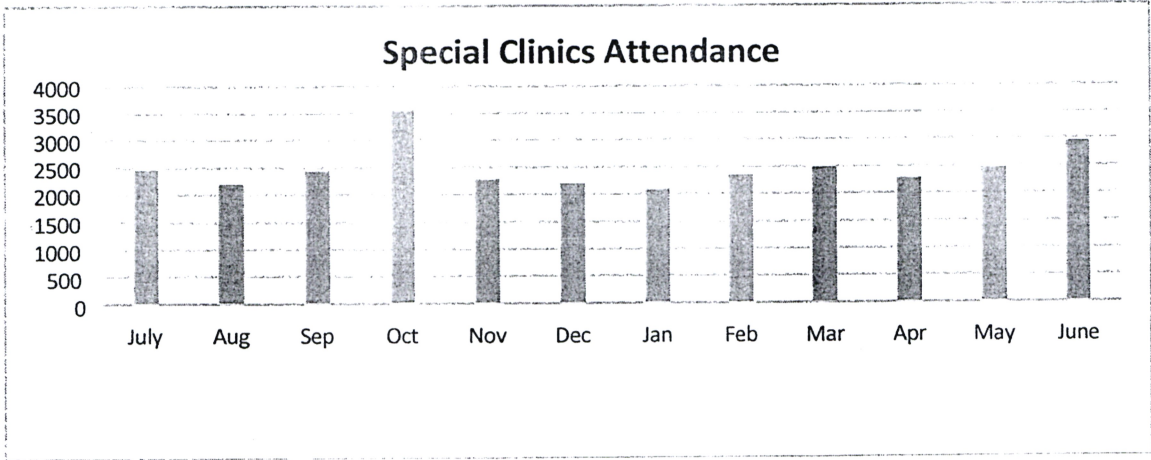
Section A

Mbeere Sub County Hospital Operational and Financial Performance

The hospital has a bed capacity of 58 beds.
For the period under review, the hospital attended to 56,412 patients. A total of 13,111 were general outpatients, 12,537 were MCH clients, 29,761 of Special clinics and 1,003 were inpatients. The under 5 were 4,872 while over 5 years were 50,537 as represented in the pie chart below.



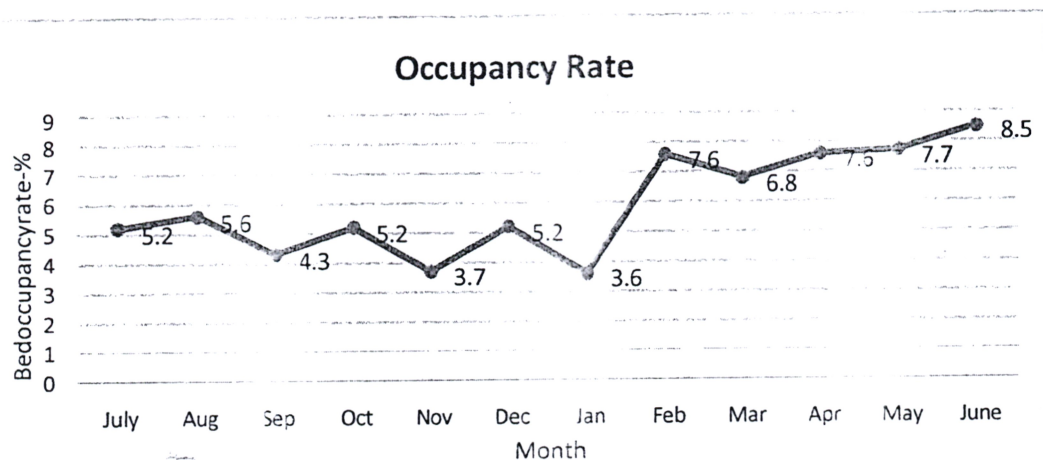
Special Clinics attendance was 29,761 patients for the period under review.



Management discussion and Analysis (Contd)

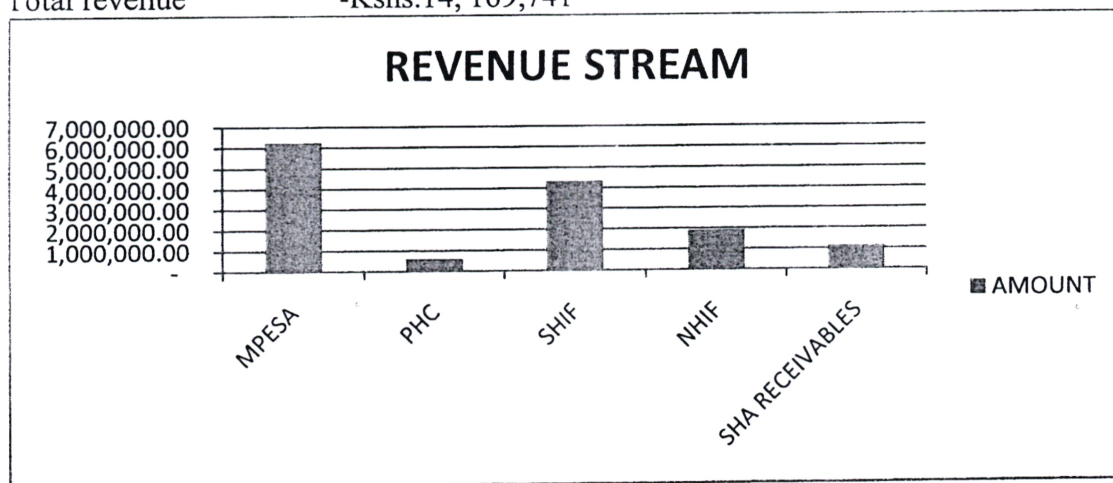
Bed occupancy rate for the period under review was as follows:

July - 5.2%	Jan-3.6%
Aug- 5.6%	Feb-7.6%
Sep - 4.3%	March-6.8%
Oct- 5.2%	April-7.6%
Nov- 3.7%	May-7.7%
Dec - 5.2%	June-8.5%



For the period under review, the facility made a total collection of Kshs14,169,741 This comprised of the following as presented in the graph below;

MPESA transactions	-Kshs. 6,243,985
Primary Health Care	-Kshs. 590,780
SHIF	-Kshs. 4,329,412
NHIF	-Kshs. 1,890,016
SHA receivables	-Kshs.1, 115,548
Total revenue	-Kshs.14, 169,741



*Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The main mandate of Mbeere Sub County Hospital is provision of preventive, curative, and rehabilitative health services which are available, accessible, acceptable, affordable, demand-driven, integrated, based on continuity of care across different locations over time and of good quality and standard. With the enactment of Embu County Health Services Act, 2024, the hospital management is keen on ensuring prudent use of the available resources. We are also confident that the funds generated by the hospital are sufficient to sustain the running of the hospital operations. The Hospital management in collaboration with the Board shall also continually lobby for support from potential donors and stakeholders for example the Area MCA, Member of parliament just to mention but a few.

ii) Environmental performance

The entity is keen on proper HCWM as stipulated in the National guidelines for safe management of health care waste, March 2024. The entity has a specific budget for HCWM which they utilize to procure basic HCWM supplies such as safety boxes, coded pedal bins, coded bin liners, cleaning materials among others. The funds are also used to establish sound systems for managing healthcare waste and build health workers capacities while protecting the community and environment.

The entity through the public health department advocates and ensures proper segregation of waste through continuous CMEs and close supervision of the sanitation staff.

During the period under review, the entity had enough safety boxes for disposal of sharps, had a composite pit to dispose biodegradable waste, a burning chamber and a placenta pit to dispose medical waste accordingly to protect the community, staff and the environment.

iii) Employee welfare

The County Public Service Board is solely responsible for recruitment of all staff on behalf of this entity. The entity makes request for recruitment of more staff through the department of health. The board gives the staff an enabling environment to staff by providing the necessary work items that the staff requires to perform their duties.

iv) Market place practices-

• Responsible competition practice.

The management emphasizes on timely, quality services to the patients and is keen in ensuring that key departments such as pharmacy, laboratory are adequately stocked with the very basic drugs and reagents. The hospital has one Mpesa paybill which is used to channel fee for services offered.

- ***Responsible Supply Chain and supplier relations***

The entity as much as possible treats all suppliers with utmost respect and professionalism. The entity spends within its budget lines to avoid cases of over expenditure which means that all contracts are catered for by the available funds. The entity has a good practice of updating its suppliers in case of delays in payment due to unforeseen circumstances.

- ***Responsible marketing and advertisement or Responsible engagement with citizens***

The management advocates for open door policy to all including members of the public who may want to seek information regarding the entity. The management further acknowledges that the hospital is under the department of health. As such engagement with media and matters like media briefs are reserved for the Executive Member unless the role is delegated to the entity.

- ***Product stewardship or Awareness Creation***

The entity encourages open door policy and has well trained and qualified staffs who are continuously encouraged to provide timely feedback to patients and where applicable refer the patients/clients to relevant office.

The entity recognizes patients' right to access healthcare, receive emergency treatment regardless of ability to pay, and be treated with dignity and respect. They also have the right to informed consent, to refuse treatment, to privacy and confidentiality, and to information about their illness and treatment options. Other rights include choosing a provider, receiving a second medical opinion, and complaining about services.

v) Corporate Social Responsibility/Community Engagements

The entity recognizes the importance of CSR activities within the community. During the period under review the entity had a medical camp focusing on HIV/AIDS counselling and testing within the Sub-County where the entity is domiciled.

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity is provision of preventive, curative, and rehabilitative health services which are available, accessible, acceptable, affordable, demand-driven, integrated, based on continuity of care across different locations over time and of good quality and standard.

Results

The results of the entity for the year ended June 30th June 2025 are set out on pages 16 to 17.

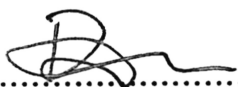
Board of Management

The members of the Board who served during the year are shown on page 8. During the year, nil director(s) retired/ resigned, and five directors were appointed with effect from 18th March, 2025.

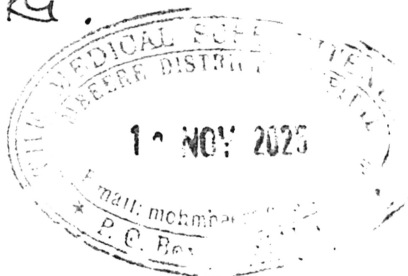
Auditors

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

By Order of the Board



Name *Dr. Rajab Amwoka*
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 Mbeere Sub-County Hospital, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The board members are also responsible for safeguarding the assets of the Mbeere Sub county Hospital.

The Board of Management is responsible for the preparation and presentation of the Mbeere Sub County Hospital's financial statements, which give a true and Fair view of the state of affairs of the Mbeere Sub County Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Mbeere Sub Country 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 entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Embu County Health Services Act, 2024. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

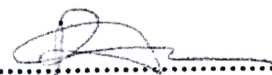
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 18/11/2025 and signed on its behalf by:


.....
Name: Egidio Kariuki
Chairperson
Board of Management


.....
Name: Dr. Rajab Amwoka
Medical Superintendent

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

REPORT OF THE AUDITOR-GENERAL ON MBEERE SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF EMBU

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 Mbeere Sub County Hospital – County Government of Embu set out on pages 1 to 57, which comprise of the statement

Report of the Auditor-General on Mbeere Sub County Hospital for the year ended 30 June, 2025 – County Government of Embu

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mbeere Sub County Hospital – County Government of Embu as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value of Kshs.36,860,612 which as disclosed in Note 32 to the financial statements includes Kshs.16,000,000, Kshs.7,840,000, Kshs.1,370,425, Kshs.11,713,187 in respect to land, building and civil works, furniture, fittings and office equipment, and plant and medical equipment respectively. However, asset register and valuation reports for these assets were not provided for audit review.

In addition, the land occupied by the Hospital building and structures had no ownership documents, was not adequately secured, and a portion was allegedly grabbed. However, the Hospital Management has not taken meaningful steps to secure the land, reclaim the encroached area, or obtain a title deed.

Further, the assets were not tagged for ease of identification resulting in difficulty in tracking and hence exposing them to possible loss and misuse.

In the circumstances, the accuracy and completeness of property, plant and equipment net book value of Kshs.36,860,612 could not be confirmed.

2.0 Inaccuracy of the Financial Statements

2.1 Variances Between Financial Statements and the Supporting Records

The statement of financial performance reflects rendering of services -medical services income amount of Kshs.14,169,741 as disclosed in Note 11 to the financial statements. However, the amount is at variance with the related revenue reports generated from the Medboss Hospital Management System, which reflected an amount of Kshs.6,240,321. The resulting variance of kshs.7,929,420 has not been reconciled

In the circumstances, the accuracy and completeness of the rendering of services amount of Kshs.14,169,741 could not be confirmed.

2.2 Inaccuracy of Statement of Cash Flow

The statement of cash flows reflects rendering of services-medical service income of Kshs.14,169,741 which agrees with the corresponding amount reflected in the statement of financial performance, meaning that all revenue invoiced/accrued during the year under review were collected/received. However, the statement of financial position reflects a receivable balance of Kshs.4,910,878 which represents accrued revenue during the year, an indication that the amount of Kshs.14,169,741 reported in the statement of cash flows includes accrued revenue.

In addition, the statement reflects purchase of property, plant and equipment (PPE) totalling Kshs.38,880,700 which is at variance with the nil balance reflected in the PPE movement schedule disclosed in Note 32 to the financial statement. The resulting variance of Kshs.38,880,700 has not been reconciled.

Further, the net cash flows from operating activities totalling Kshs.8,305,240 was at variance with a negative amount of Kshs.1,442,032 reflected under supporting Note 43 to the financial statements. The resulting variance of Kshs.9,747,272 has not been reconciled.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

2.3. Unreconciled Budget Surplus

The statement of comparison of budget and actual amount reflects budget surplus of Kshs.6,285,152 which is at variance with the closing cash and cash equivalent amount of Kshs.5,744,974. The resulting variance of Kshs.540,178 has not been reconciled.

In the circumstances, accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

3.0 Unsupported Financial Statement Amounts and Balances

Review of the financial statements revealed that four components in the statement of financial performance totalling Kshs.185,360,368 and three components in the statement of position totalling Kshs.55,814,978 were not supported by schedules and their related supporting documents.

In the circumstances, the financial statements may not reflect a true and fair view of the financial position and of its performance.

4.0 Unsupported and Unreconciled Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,744,974 which as disclosed in Note 27 to financial statements includes a balance

of Kshs.5,084,168 in respect to County FIF account. However, bank reconciliation statements, bank statement, cash book and bank certificates in support of the latter balance were not provided for audit verification.

The accuracy and completeness of cash and cash equivalent balance of Kshs.5,744,974 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Report of the Auditor-General on Mbeere Sub County Hospital for the year ended 30 June, 2025 – County Government of Embu

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

1.0 Deficiencies in Implementation of Universal Health Coverage (UHC) – Inadequate Resourcing

Review of Hospital records, interviews, and verification of services, equipment, and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements set out in the Kenya Quality Model for Health Policy Guidelines as detailed below.

Staffing of Health workers	Level 4 standard	Observation	Variance	Percentage %
Medical officers	16	2	14	88
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as detailed below;

Equipment	Level 4 standard	Observation	Variance	Percentage %
New Born Unit - Incubators and five (5) cots	5	3	2	40
New Born Unit cots	5	3	2	40
Functional intensive care unit - Beds	6	0	6	100
Renal unit with at least 5 dialysis machines	5	0	5	100
Two functional operating theaters Maternity and general	2	1	1	50

Further, the Hospital did not offer essential services including; renal dialysis service, radiology, surgical services and advanced life support services in accordance to the

Kenya Quality Model Health Checklist for Level 4 hospitals on recommended services to be offered.

In the circumstances, these deficiencies contravene the provisions of the First Schedule to the Health Act, 2017, and imply that the attainment of the highest possible standard of health, including the right to health care services, such as reproductive health care as guaranteed under Article 43(1) of the Constitution of Kenya, 2010 may not be realized.

2.0 Failure to Deduct and Remit Public Procurement Capacity Building Levy

Review of records revealed that the Hospital entered into contracts but no documentary evidence has been provided to confirm that the County Executive complied with paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

In the circumstances, Management was in breach of law.

3.0 Failure to Budget for Climate Change and Climate Financing

Review of the Hospital's annual budget and financial plans revealed that Management did not make any provisions for climate change mitigation or adaptation programs, nor for climate financing initiatives. There was no evidence of planned allocation of funds for projects or activities aimed at addressing climate risks, such as water source protection, energy-efficient operations, waste management improvements, or climate resilience measures. This is contrary to The National Climate Change Act, 2016, which obligates public entities to mainstream climate change measures into their operational and development plans and to allocate adequate resources to address climate resilience and adaptation.

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

4.0 Irregular Engagement of Casual Workers Without Formal Appointment Letters

Review of human resources documents revealed that the Hospital engaged eleven (11) casual workers to perform various duties within the facility. However, it was noted that the workers had no formal appointment or engagement letters from either the County Public Service Board and officers have served for cumulatively more than six (6) years without formal appointment. This is contrary to section 67 of the County Governments Act, 2012 which require that no appointment or assignment of a duty in a county public service shall be valid unless it is evidenced in writing.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Weak Controls in Management of Drugs

The statement of financial position reflects Inventories balance of Kshs.4,836,394 as disclosed in Note 31 to the financial statements. Review of records revealed that the facility uses both manual records and electronic system to maintain and issue drugs. However, the system has no provision for detailing the receipt and expiry dates of drugs and two hundred and forty-two (242) drugs of various types and quantities had expired.

In the circumstances, the effectiveness of controls designed to ensure the efficient, economical, and transparent issuance of medical drugs, as well as maintenance of optimal stock levels, could not be confirmed.

2.0 Lack of Risk Management Policy Framework

During the year under review, it was observed that the Hospital did not have a risk management policy, disaster recovery plan and business continuity plan.

In the circumstances, the adequacy and effectiveness of the risk management strategies and controls put in place could not be confirmed.

3.0 Lack of ICT Policy and a Disaster Recovery Plan

Review of the Hospital's ICT environment revealed lack of ICT Policy which is required to provide guidance on Information Technology governance, security management, program change management, physical access controls, environmental controls, IT service continuity and logical access control. Further, there was no Data Security Policy and Disaster Recovery Plans.

In the circumstances, the Hospital did not have tools to minimize risk of errors, fraud and the loss of data, confidentiality and integrity.

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

Responsibilities of the Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY2024/2025	Comparative FY
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	80,975,136	0
Grants from donors and development partners	8	11,223,042	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		92,198,178	0
Revenue from exchange transactions			
Rendering of services-Medical Service Income	11	14,169,741	
Revenue from rent of facilities	12	0	0
Finance/Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		14,169,741	0
Total revenue		106,367,919	0
Expenses			
Medical/Clinical costs	15	4,385,629	0
Employee costs	16	80,975,136	0
Board of Management Expenses	17	260,500	0
Depreciation and amortization expense	18	2,020,088	0
Repairs and maintenance	19	101,590	0
Grants and subsidies	20	11,223,042	0
General expenses	21	964,012	0
Finance costs	22	0	0
Total expenses		99,929,997	0
Other gains/(losses)		6,437,922	0
Gain/Loss on disposal of non-Current assets	23	0	0

Mbeere Sub County Hospital
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Description	Note	FY2024/2025	Insert Comparative FY
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	(152,770)	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		(152,770)	0
Net Surplus/(Deficit)for the year		6,285,152	0

The Hospital's financial statements were approved by the Board on 18/11/2025 and signed on its behalf by:

..... Chairman Board of Management	BENSON CHEGE Head of Finance ICPAK No: AS/02/4602	By Medical Superintendent Dr. RAJAB AMWOLKA
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*Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

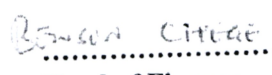
Description	Note	FY2024/2025	Insert Comparative FY
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	5,744,974	0
Prepayments	28	0	0
Receivables from exchange transactions	29	4,910,878	0
Receivables from non-exchange transactions	30	0	0
Inventories	31	4,836,394	0
Total Current Assets		15,492,246	0
Non-current assets			
Property, plant, and equipment	32	36,860,612	0
Intangible assets	33	0	0
Investment property	34	0	0
Biological Assets	35	0	0
Total Non-current Assets		36,860,612	0
Total assets(A)		52,352,858	0
Liabilities			
Current liabilities			
Trade and other payables	36	0	0
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		0	0
Non-current liabilities			
Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0
Non-Current portion of borrowings	41	0	0

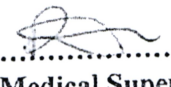
*Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Note	FY2024/2025	Insert Comparative FY
		Kshs	Kshs
Service concession Arrangements	42	0	0
Total non-current liabilities		0	0
Total Liabilities(B)		0	0
Net assets(A-B)		52,352,858	0
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		6,285,152	0
Capital/Development Grant		46,067,706	0
Net Assets		52,352,858	0

The Hospital's financial statements were approved by the Board on 18/11/2025 and signed on its behalf by:


Chairman
Board of Management


Head of Finance
ICPAK No:
ASSOC/4606


Medical Superintendent
Dr. RATAB AMWOKA

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital /Development Grant	Total
As at July1,2024(previous year)	0	0	0	0
Revaluation gain	0	0	0	0
Surplus/(deficit)for the year	0	0	0	0
Capital/Development grants	0	0	0	0
As at June 30,2024(previous year)	0	0	0	0
At July1,2025(current year)				
Revaluation gain	0	0	0	0
Surplus/(deficit)for the year	0	6,285,152	0	6,285,152
Capital/Development grants	0	0	46,067,706	46,067,706
At June30,2025(current year)	0	6,285,152	46,067,706	52,352,858

Mbeere Sub County Hospital
Embu County Government
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024/2025	Comparative FY
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
In-kind contributions from the County Government	7	80,975,136	0
Grants from donors and development partners	8	11,223,042	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services-Medical Service Income	11	14,169,741	0
Revenue from rent of facilities		0	0
Finance/interest income		0	0
Miscellaneous receipts(<i>specify</i>)		0	0
Total Receipts		106,367,919	0
Payments			
Medical/Clinical costs	15	4,385,629	0
Employee costs	16	80,975,136	0
Board of Management Expenses	17	260,500	0
Repairs and maintenance		101,590	0
Grants and subsidies	20	11,223,042	0
General expenses	21	964,012	0
Finance costs		0	0
Waivers		152,770	0
Total Payments		98,062,679	0
Net of receipts and expenses	43	8,305,240	0
Less increase in receivables		(4,910,878)	
Less increase in inventories		(4,836,394)	
Net cash flow from operating activities		(1,442,032)	
Cash flows from investing activities			
Purchase of property, plant, equipment		(38,880,700)	0
Purchase of intangible assets		0	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0

Mbeere Sub County Hospital

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Annual Report and Financial Statements for The Year Ended 30th June 2025

Net cash flows used in investing activities		(38,880,700)	0
Cash flows from financing activities			
Add increase in capital/development grants		46,067,706	
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0
Net cash flows used in financing activities		46,067,706	0
Net increase/(decrease)in cash and cash equivalents		5,744,974	0
Cash and cash equivalents as at 1 July		0	0
Cash and cash equivalents as at 30 th June	27	5,744,974	0

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carry overs from the previous year	0	0	0	00	0	0%
Receipts						
Transfers from the County Government	0	0	0	0	0	0
In-kind contributions from the County Government	0	0	0	80,975,136	(80,975,136)	0
Grants from donors and development partners	0	0	0	11,223,042	(11,223,042)	0
Transfers from other Government entities	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Rendering of services-Medical Service Income	6,878,370	560,000	7,438,370	14,169,741	6,731,371	1.9%
Revenue from rent of facilities	0	0	0	0	0	0%
Finance/interest income	0	0	0	0	0	0%
Miscellaneous receipts(<i>specify</i>)	0	0	0	0	0	0%
Total receipts	6,878,370	560,000	7,438,370	106,367,919	(98,929,549)	1400%
Payments						
Medical/Clinical costs	5,504,267	(65,000)	5,379,267	4,385,629	993,638	82%
Employee costs	0	0	0	80,975,136	0	0
Remuneration of directors	200,000	(100,000)	100,000	260,500	(160,500)	260%
Repairs and maintenance	155,000	130,000	285,000	101,590	183,410	36%
Grants and subsidies	0	0	0	11,223,042	0	0
General expenses	1,019,103	595,000	1,674,103	3,136,870	(1,462,767)	187%
Finance costs	0	0	0	0	0	0
Refunds	0	0	0	0	0	0
Total Operational Expenditure paid	6,878,370	560,000	7,438,370	100,082,767	(92,644,397)	1345 %
Capital Expenditure paid	0	0	0	0	0	0%
Surplus	0	0	0	6,285,152	(6,285,152)	

Mbeere Sub County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

NB; The original budget approved by County Assembly was Kshs 7,438,370 did not factor in kind contribution for county executive and grant.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	6,285,152
	SHA claims accrued bills for the year under review have not been realized	(540,178)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	5,744,974

18. Notes to the Financial Statements

1. General Information

Mbeere Sub-County hospital is established and derives its authority and accountability from the Embu County Health Services Act, 2024. The entity is wholly owned by the Embu County Government and is domiciled in Embu County in Kenya. The principal activity/mission/ mandate of the hospital is provision of preventive, curative, and rehabilitative health services to all citizens of Embu County and the Republic of Kenya.

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

3. Adoption of New and Revised Standards

There were none amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS43	<i>Applicable 1st January 2025</i> 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 cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.
IPSAS44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS45- Property	<i>Applicable 1st January 2025</i>

Standard	Effective date and impact:
Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized 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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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

Standard	Effective date and impact:
	Of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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 standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS50: Exploration For &Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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vii) Early adoption of standards

The Entity did not early- adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i. Revenue from non exchange

transactions Transfers from other

Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized 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 labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Hospital Management Team on 18th 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. Accordingly, the *entity* recorded additional appropriations of ksh 560,000 on the FY 2024/2025 budget following the Hospital Management Team approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment Property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and Development costs

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

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

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

j. Financial instruments

IPSAS41 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.

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized 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 cash flows 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 and initial recognition of particular investments inequity 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. Again or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Un conditional grants		
Operational grant	0	0

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Level4/5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
	0	
Conditional grants		
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
Total government grants and subsidies	0	0

6bTransfers 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 recognized in capital fund KShs	Total grant income during the year KShs	Comparative Period KShs
County Government	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Salaries and wages	80,975,136	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0	0
Utility bills	0	0
Total grants in kind	80,975,136	0

8. Grants From Donors and Development Partners

Description	FY 2024/2025	Insert Comparative FY
	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>)	11,223,042	0
Total grants from development partners	11,223,042	0

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized capital fund	Total grant income during the year	Comparative Period
	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
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and donations

Description	FY 2024/2025	Insert Comparative FY
	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	0	0
Other donations	0	0
Donations in kind- amortized	0	0
Total donations and sponsorships	0	0

10(a) Reconciliations of amortized grants

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortized and transferred to revenue	0	0
Conditions to be met– remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services- Medical Service Income

Description	FY2024/2025	Insert Comparative EY
	Kshs	Kshs
MPESA transactions	6,243,985	0
Primary Health Care	590,780	0
SHA	4,329,412	0
NHIF	1,890,016	
SHA receivables	1,115,548	0
Total revenue from the rendering of services	14,169,741	0

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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance/Interest Income

Description	FY 2024/2025	Insert Comparative FY
	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
Total finance income	0	0

14. Miscellaneous Income

Description	FY 2024/2025	Insert Comparative FY
	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
<i>Others</i>	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/Clinical Costs

Description	FY 2025/2026	Insert Comparative FY
	Kshs	Kshs
Dental costs/materials	0	0
Laboratory chemicals and reagents	577,177	0
Public health activities	0	0
Food and Ration	1,684,249	0
Uniform, clothing, and linen	0	0
Dressing and Non-Pharmaceuticals	665,137	0
Pharmaceutical supplies	1,354,316	0
Health information stationery	0	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	70,750	0
Purchase of Medical gases	0	0
X-Ray/Radiology supplies	0	0
Other medical related clinical costs-firewood	34,000	0
Total medical/clinical costs	4,385,629	0

16. Employee Costs

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Salaries, wages, and allowances	80,975,136	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	0	0
Employee costs	80,975,136	0

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Chairman's Honoraria	0	0
Meal allowance	2,500	0
Sitting allowance	14,000	0
Mileage- transport expense	10,000	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	234,000	0
Airtime allowances	0	0
Total	260,500	0

18. Depreciation and Amortization Expense

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	2,020,088	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	2,020,088	0

19. Repairs And Maintenance

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Property-Buildings	28,200	0
Medical equipment	0	0
Office equipment	45,190	0
Furniture and fittings	0	0
Computers and accessories	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	28,200	0
Total repairs and maintenance	101,590	0

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Community development and	0	0
Education initiatives and programs	0	0
Free/subsidized medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies	11,223,042	0
Total grants and subsidies	11,223,042	0

21. General Expenses

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	27,010	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	0
Bank charges	29,690	0
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	0	0
Electricity expenses	349,772	0
Fuel and Lubricants	15,000	0
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	200,400	0
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	0	0
Printing and stationery	85,960	0
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	105,180	0

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Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Skills development levies	0	0
Telephone and mobile phone services	23,000	0
Internet expenses	40,000	0
Staff training and development	64,000	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Clothing and linen	24,000	0
Total General Expenses	964,012	0

22. Finance Costs

Description	FY 2024/2025	Insert Comparative FY
	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
Total finance costs	0	0

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

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalized (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains/Losses

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers	152,770	0
Total Loss	152,770	0

26. Impairment Loss

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Current accounts –	660,806	0
On-call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(<i>specify</i>)	0	0
Total cash and cash equivalents	660,806	0

Mbeere Sub-County Hospital (Embu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

27(a) Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024/2025	Insert Comparative FY
Financial institution	Account number	KShs	KShs
a) Current account			
REVENUE COLLECTION A/CATCOOPERATIVE BANK	0114156927 8801	52,131	0
Equity Bank- OPERATIONS A/C	0190285800 546	608,675	0
Embu County FIF fund A/C	019028542624 2	5,084,168	
Sub-total			0
b) On-call deposits		0	0
Kenya Commercial bank		0	0
Equity Bank-etc		0	0
Sub-total		0	0
c) Fixed deposits account		0	0
Bank Name		0	0
Sub-total		0	0
d) Others (specify)		0	0
Cash in hand		0	0
Mobile money-Mpesa, Airtel money		0	0
Sub-total		0	0
		0	0
Grand total		5,744,974	0

28. Prepayments

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

29. Receivables From Exchange Transactions

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Medical services receivables	0	0
Rent receivables	0	0
NHIF receivables – COG circular	3,795,330	
SHA receivables	1,115,548	
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	4,910,878	0

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0	0	0
Between 1-2 years	0	0	0	0
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total (a+b)	0	0	0	0

Mbeere Sub-County Hospital (Embu County Government)
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30. Receivables From Non-Exchange Transactions

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	0	0
Un disbursed donor funds	0	0
Other debtors	0	0
Less: impairment allowance	0	0
Total	0	0

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024/2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0	0	0
Between 1-2 years	0	0	0	0
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total (a+b)	0	0	0	0

31. Inventories

Description	FY 2024/2025	Comparative FY
	KShs	KShs
Pharmaceutical supplies	2,437,156	0
Non pharms	1,245,036	0
Food supplies	112,677	0
Linen and clothing supplies	0	0
Cleaning material supplies	0	0
laboratory	1,041,525	0
Less: provision for impairment of stocks	0	0
Total	4,836,394	0

Detailed disclosure of inventories

	FY 2024/2025	Insert Comparative FY
Opening balance	0	0
Additional Inventory in the year	4,836,394	0
Inventory expensed in the year	0	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	4,836,394	0

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
As at July 2023 (previous year)	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th June 2024	16,000,000	8,000,000	0	1,494,200	0	5,780,000	7,606,500	0	38,880,700
As at July 2024 (current year)	16,000,000	8,000,000	0	1,494,200	0	5,780,000	7,606,500	0	38,880,700
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	16,000,000	8,000,000	0	1,494,200	0	5,780,000	7,606,500	0	38,880,700
Depreciation and impairment									

Mbeere Sub County Hospital (Embu County Government)
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Description	Land	Buildings and Civil works 2%	Motor vehicles	Furniture, fittings, and office Equipment 12.5%	ICT Equipment	Plant and medical equipment 12.5%	Other Assets (specify)	Capital Workin g progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 1st July 2023(previous year)									
Depreciation for the year									
Disposals									
Impairment									
At 30 June 2024									
At July 2024(current year)									
Depreciation	0	160,000	0	186,775	0	1,673,313	0	0	2,020,088
Disposals									
Impairment									
Transfer/adjustment									
At 30th June 2025									
Net book values									
At 30 th Jun 2024(previous)	0	0	0	0	0	0	0	0	0
At 30 th Jun 2025(current)	16,000,000	7,840,000	0	1,370,425	0	11,713,187	0	0	36,860,612

Notes to the financial statement

The value of other assets could not be ascertained because the supporting documents were not available. No valuation has been done to date. The land has no title deed. Buildings are depreciated at 2% rate straight line basis.

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Cost	0	0
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34. Investment Property

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation	0	0
Impairment	0	0
At end of the year	0	0

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY2024/2025	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

36. Trade and other Payables

Description	FY 2024/2025		Insert Comparative FY	
	KShs		KShs	
Trade payables	0		0	
Employee dues	0		0	
Third-party payments	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	0		0	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	0	0	0	0
1-2years	0	0	0	0
2-3years	0	0	0	0
Over3years	0	0	0	0
Total	0	0	0	0

37. Refundable Deposits from Customers/Patients

Description	FY2024/2025	Insert Comparative FY
	KShs	KShs
Medical fees paid in advance	0	0
Credit facility deposit	0	0
Rent deposits	0	0
Others (<i>specify</i>)	0	0
Total deposits	0	0

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Ageing analysis:	2024/2025	% of the Total	Comparative FY	% of the Total
Under one year	0	0	0	0
1-2years	0	0	0	0
2-3years	0	0	0	0
Over3years	0	0	0	0
Total	0	0	0	0

38. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilized	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

40. Deferred Income

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

Notes to the Financial Statements (Continued)
 40(a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	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
Balance C/F	0	0	0	0

41. Borrowings

Description	FY 2024/2025	Insert Comparative FY
	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
Balance at end of the period	0	0

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

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025	Insert Comparative FY
	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>

43. Cash Generated from Operations

Description	FY 2024/2025	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	6,285,152	0
Adjusted for:		
Depreciation	2,020,088	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
Working Capital adjustments		
Increase in inventory	(4,836,394)	0
Increase in receivables	4,910,878	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	(1,442,032)	0

44. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable level so frisk. 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 counter party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)	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
Total	0	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	4,370,580	3,795,330	575,250	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	4,370,580	3,795,330	575,250	0

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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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total				
At 30 June 2025				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Notes to the financial statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	10% increase	10% increase
USD	10%	10% increase	10% increase
2025 (current year)			
Euro	10%	10% increase	10% increase
USD	10%	10% increase	10% increase

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease /increase of Kshs (2025: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of Kshs 0 (Kshs 0).

viii) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	6,285,152	0
Capital reserve	46,067,706	0
Total funds	52,352,858	0
Total borrowings	0	0
Less: cash and bank balances	660,806	0
Net debt/(<i>excess cash and cash equivalents</i>)	0	0
Gearing	0%	0%

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45. Related Party Balances Nature of related party relationships

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

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

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

Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services	0	0
Sales of services	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	80,975,136	0
Grants from the National Government Entities	6,600,000	0
Donations in kind	0	0
Total	87,575,136	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
Total	0	0

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Description	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	260,500	0
Compensation to the medical Supt	0	0
Compensation to key management	0	0
	0	0
Total	260,500	0

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

48. Capital Commitments

Capital Commitments	FY 2024/2025	Insert Comparative FY
	Kshs	Kshs
Authorized For	0	0
Authorized And Contracted For	0	0
Total	0	0

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

20. Appendices

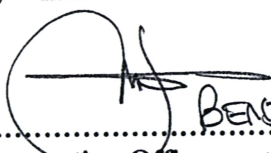
Appendix I: Progress on Follow up of Auditor Recommendations

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

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible 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.


 BENJAMIN M KISIU - Chief Officer - Medical Services
 Accounting Officer 16/11/2025

Mbeere Sub-County Hospital (Embu County Government)
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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Embu County Health Facility Improvement Fund A/C

Name of Beneficiary entity: Mbeere Sub-County Hospital

Confirmation of amounts received by as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent(A)	Development (B)	Total (C)=(A+B)	Remarks
FY 2024/2025	4/10/2024	1,000,000	0	1,000,000	FULLY UTILISED
FY 2024/2025	8/11/2024	1,968,200	0	1,968,200	FULLY UTILISED
FY 2024/2025	1/4/2025	4,390,176	0	4,390,176	BALANCE AS PER CASH BOOK Kshs. 570,525.50
Total		7,358,376	0	7,358,376	-

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

Head of Accounts Department- Disbursing Entity:

Name..... Pius MURUTSIN Sign..... [Signature] Date..... 15/11/2025

Head of Accounts Department-Beneficiary Entity:

Name..... BENSON OKEGE Sign..... [Signature] Date..... 15/11/2025