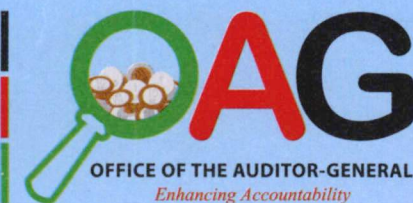


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REPORT

OF

THE AUDITOR-GENERAL

ON

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KYAMBEKE SUB-COUNTY HOSPITAL LEVEL 4

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

12



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.

24 NOV 2025

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## **Kyambeke Sub- County Hospital Level 4 (Makueni County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

---

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

***Kyambeke Sub County Hospital Level 4 (Makueni County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> 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
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
KSCH	Kyambeke Sub- County Hospital Level 4
NI	Nutrition International
WOFAK	Women Fighting AIDS in Kenya
AMPLI PPHI	Accelerating measurable Progress and Leveraging Investments for Post-Partum Haemorrhage Impact
HMC	Health management committee
HPT	Health Products and Technology
JPHIEGO	John Hopkins Program for International Education in Gynaecology and Obstetrics

## **Key Entity Information and Management**

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

Kyambeke Sub- County Hospital Level 4 is a level 4 hospital established under gazette notice number 10290 of 1<sup>st</sup> August 2024 and is domiciled in Makueni County under the Health Services Department. The hospital is governed by a Board of Management.

The facility serves a population of 6064 (*KHIS 2024*) and 1551 households with a monthly workload estimated at 1505. It serves residents of Makueni County, Kaiti sub county and the neighbouring Kilome and Makueni sub counties. The hospital acts as a sub-county referral centre, receiving patients from various dispensaries within Kaiti sub county.

The facility has 27 bed capacity and offers general outpatient and in-patient services, medical outpatient clinic, laboratory services, pharmacy services, maternity and child welfare services, comprehensive care clinic, medical outpatient clinic, nutritionist services, and teaching /training for KMTC students.

One of its competitive advantage and growth potential is the newly opened medical wards and a proposed Radiology department. The facility is strategically located in Ilima Location in a diverse catchment region with no other major hospital hence accessible to clients and easy referrals to MCRH, Kyambeke Sub-County Hospital Level 4 and Sultan hamud sub county hospital.

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

The principal activity/mission/ mandate of the hospital is to render quality, affordable and equitable health care services to all citizens and also to promote and participate in provision of integrated and high quality promotive, preventive and curative health care services to all citizens.

#### **Vision**

To be an efficient and high-quality health care hospital that is accessible, equitable and affordable for all Kenyans.

#### **Mission**

To promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Kenyans.

**Core Values**

- Patient-centred/customer-focused
- Partnership
- Professionalism
- Integrity and transparency
- Innovation and excellence
- Impartiality

**Strategic Objectives**

1. Eliminate Communicable Conditions
2. Halt, and reverse the rising burden of non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services.

**(c) Key Management**

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

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

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Onesmus Kimanthi</b>
2.	Head of finance	<b>Dennis Mutua</b>
3.	Health Administrative Officer	<b>Abigail Jacob</b>
4.	Head Nursing	<b>Jacinta Musyoka</b>

**(e) Fiduciary Oversight Arrangements**

**Clinical Research and Standards Committee.**

We have a functional clinical committee which meets on weekly basis to ensure adherence to quality care, mortality audits and other relevant clinical objectives are met. It assists the hospital in ensuring quality standards are adhered, patient safety is ensured and medical errors are minimized.

The Committee is responsible for:

- Review the weekly ward round reports
- Review and prioritize the utilization of Hospital clinical resources
- Set performance targets for clinical units
- Review various research findings and related policy documents
- Review clinical audit reports and follow-up on implementation of recommendations

**Risk Committee and Audit committee**

The Committee assists the health management committee in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Hospital's risk management framework. The Committee held four (4) regular meetings in the year under review.

**Hospital management committee**

Hospital management committee consists of head of departments. It is chaired by the medical superintendent and the secretary is health administrative officer. The members meet on monthly basis to discuss, evaluate and strategies on day to day running of the hospital. Members share the departmental reports, data analysis and the trends of utilization of services.

**Medical therapeutic committee**

This committee is mandated in ensuring good commodity management and quality clinical practices. The committee chaired by the medical superintendent meets quarterly. It sets down policies and standards to guide in use of drugs, management of common conditions and essential drug list.

**Executive Expenditure committee**

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. This committee comprises of 4 members as outlined below;

- Medical superintendent
- Health administrative officer
- Nursing officer
- Accountant

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

**(f) Entity Headquarters**

**Kyambeke Sub- County Hospital Level 4**  
P.O. Bo- 373-90130  
NUNGUNI, KENYA

**(g) Entity Contacts**

Telephone: (+254) 714029455  
Email: [kyambeke.hospital@makueni.go.ke](mailto:kyambeke.hospital@makueni.go.ke)  
Website: [www.makueni.go.ke](http://www.makueni.go.ke)

**(h) Entity Bankers**

Kenya Commercial Bank  
Wote Branch.

**(i) Independent Auditors**

Auditor General  
Office of Auditor General  
Anniversary Towers, Monrovia Street  
P.O. Bo- 30084  
GPO 00100  
Nairobi, Kenya





**(j) Principal Legal Adviser**

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

**(k) County Attorney**





P.O. Bo- 78 -90300  
Makueni, Kenya

**3. The Board of Management**

Ref	Directors	Details
1.	 <p>Julius Ndumbuthi - Chairman</p>	<p>Age: 66 years</p> <p>Key qualifications: Degree in education</p> <p>Work experience: 36 years, retired deputy principal.</p> <p>He was appointed on 26<sup>th</sup> October 2023.</p>
2.	 <p>Winfred Mueni Kyale</p>	<p>Age: 40 years</p> <p>Key qualifications: Diploma in Theological studies</p> <p>Work experience: 10 years</p> <p>He was appointed on 26<sup>th</sup> October 2023.</p>
3.	 <p>Julius Manyu - Membe</p>	<p>Age: 34 years</p> <p>Key qualifications: Form 4 certificate</p> <p>Work experience: CHP trained</p> <p>He was appointed on 26<sup>th</sup> October 2023.</p>
4.	 <p>Mr ONESMUS KIMANTHI- Medical Superintendent</p>	<p>He is the medical superintendent. Holds a degree in Nursing and public health from Kenyatta University. He has 10 years of experience; 2 years as the dispensary in charge, 6 years as the health centre in charge, and 2 years as the level 4 hospital in charge. He has 2 awards in <i>exemplary</i> management performance. He has certificates in continuous professional development.</p>

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

**4. Key Management Team**

Management	Details
 <p>Mr ONESMUS KIMANTHI- Medical Superintended</p>	<p>He is the medical superintendent. Holds a degree in Nursing and public health from Kenyatta University. He has 10 years of experience; 2 years as the dispensary in charge, 6 years as the health centre in charge, and 2 years as the level 4 hospital in charge. He has 2 awards in r-exemplary management performance. He has certificates in continuous professional development.</p>
 <p>ABIGAIL JACOB- Health Administrative Officer</p>	<p>She holds Diploma in Business management and administration from South Eastern Kenya University (SEKU). She has a wealth of experience for 6 years.</p>
 <p>JACINTA MUTHIKE MUSYOKA- Nursing Officer Incharge</p>	<p>She holds Diploma in Nursing (KRCHN). She is the hospital nurse in charge.</p>
 <p>Dennis kyengo mitua-accountant</p>	<p>He is the hospital's accountant, holding a Bachelor's degree in Finance and Accounts from the University of Nairobi and is a CPA(K) holder. He brings over five years of solid accounting experience to the role.</p>

**5. Chairman’s Statement**


Kyambeke Sub- County Hospital Level 4 has experienced significant transformation and progress since I started serving as board chair in the year 2023. With the help of the hospital management committee, the management has assumed a leadership and governing role in carrying out important strategic choices and operations.

We have continuously carried governance roles that include approval of budgets, holding quarterly board meetings and ensuring functional subcommittees namely; quality committee and finance and general-purpose committee have performed to improve quality, efficiency and accountability in day to day running of the hospital.

The consumption and delivery of hospital services have improved over time, with an average increase in patient volume. Additional services offered, dedicated healthcare professionals, a pleasant work environment, and strong community support have all contributed to this.

We have also fostered a collaborate approach with the local community resulting in great advocacy of our services and support. This has been done through community participation to lobby for projects in the facility to be allocated some finds. Some of the major projects undertaken during my tenure include; construction of the medical wards and kitchen, Proposal for the installation of a new digital --Ray machine, completion of the Laboratory department and placement of equipment, digging of the borehole project.

However, the hospital still has a number of challenges such lack of a power backup in the event of an electricity blackout, Completion of the proposed Radiology department and maternity mini theatre.

  
.....

**Name Julius Ndumbuthi**  
**Chairman to the Board**

**KYAMBEKE SUB-COUNTY HOSPITAL**  
**P.O. BOX 373, NUNGUNI**  
**24 NOV 2025**  
**MEDICAL SUPERINTENDENT**

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

The hospital has tremendously grown both in service delivery and infrastructure wise. As the Medical Superintendent, I take this opportunity to thank all the HMC members, staff and the entire hospital team for the team work and unity they have shown towards improving the hospital services. Investments have been made towards ensuring adequate human resources for health, efficient service systems, adequate healthcare infrastructure, and access to essential health products, adequate health information, adequate healthcare financing and comprehensive health governance.

### **1. Service delivery**

The hospital has taken great steps in ensuring improvement in the services offered in the facility through weekly clinical meetings to improve patient care and safety. Medical outpatient clinics ran by the RCOs and family physician has improved care and management of patients. Weekly continuous medical education meetings have continued to build skills and knowledge among staff.

### **2. Governance and leadership**

The hospital enjoys good leadership and governance. There is great working relationship between the hospital management and the hospital board. This has resulted to a good working environment.

### **3. Health infrastructure**

There has been a great improvement in the last one year in Kyambeke Sub- County Hospital Level 4. The hospital has also acquired a new full haemogram machine through placement by partners. We also initiated the medical wards inpatient admissions. All these have gone a long way in improving service delivery to the community.

### **4. Human resource for health**

Additional recruitment of staff in various departments has greatly affected the performance of the hospital. We have Nurses, RCOs, additional pharmaceutical technologists, laboratory technician, who have been recruited by the health department to support and ensure continuous service delivery. However, more nurses are required to ensure quality patient care services

### **5. Health commodities and vaccines**

HPTs are one of the key components of health care delivery. The last financial year has seen major challenges with the supply of essential medicines and medical supplies due to poor fills rates from suppliers such as KEMSA.

### **6. Healthcare financing**

Revenue collection just begun on 17<sup>th</sup> march 2023 with an approximated collection of 100,000 kshs per month and SHA reimbursement of 400,000 kshs per month.

### **7. Health information**

Through the use of a hospital management and information system, we have automated the outpatient services, considerably enhancing hospital workflow efficiency. Patient satisfaction has increased as a result of improved patient data management, quick turnaround times, and easy retrieval of records.

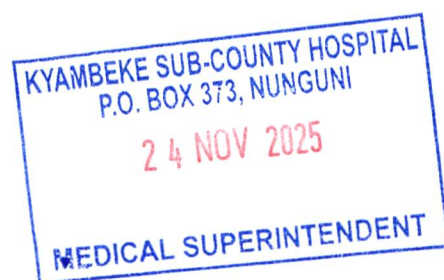
However, we still face challenges namely; 1.) Staff shortage especially nurses

### **WAY FORWARD**

The county needs to employ more staff in order to mitigate the acute shortages currently observed.

The county needs to chip in and construct the radiology department.

.....  
Name *Orasmus Kimanthi*  
Secretary to the Board



## 7. Statement of Performance Against Predetermined Objectives

**Kyambeke Sub-County Hospital** has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars are as follows;

### Strategic Objectives

1. Eliminate Communicable Conditions
2. Halt, and reverse the rising burden of non-Communicable conditions.
3. Minimize exposure to health risk factors
4. Provide essential health services

Kyambeke Sub- County Hospital Level 4 develops its annual work plans based on the above 4 pillars/ Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate communicable conditions	1. Reducing transmission of HIV.	1.The hospital commits to reduce new HIV/AIDS infections	1. Scaling up HIV testing and counselling services in Kyambeke Sub-County Hospital Level 4 to identify and link 82 HIV positive to care and treatment.	<b>100% achievement</b>
	2.Reducing transmission of TB	2. Early identification of 110 new TB patients	2. Early identification of 55 new TB patients (30%)	<b>100% achievement</b>

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

		(30%)		
Halt and reverse the rising burden of non-communicable conditions	1.Prevention of Alcohol and Drug Abuse	1. Reach out to 2500 people through counselling services (50%) 2.Mainstream counselling intervention in all departments (50%		<b>100% achievement</b>
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	<b>100% achievement</b>

## **8. Corporate Governance Statement**

At Kyambeke Sub- County Hospital Level 4 (KSCH), the practice of good corporate governance ensures the delivery of Sustainable value as well as meeting the needs of our stakeholders. KSCH is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes.

We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the hospital.

### **Governance Principles and Guidelines**

The Kyambeke Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices.

The members believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders.

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment.

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

**Board Organization and Structure**

The Kyambeke Hospital management committee comprises of eleven (11) members including the medical superintendent. Seven (7) members of the committee are independent non-executive including the Chairman, all drawn from the private sector. The remaining four (4) members represent the following institutions –medical superintendent who is the secretary, hospital administrator

The committee members are appointed by H.E. the governor through a gazette notice. They each serve for a maximum of two terms of three (3) years. Names of all members and changes thereto are published in the Kenya Gazette

This report highlights the main corporate governance structures and practices that guide the Board.

## 9. Management Discussion and Analysis

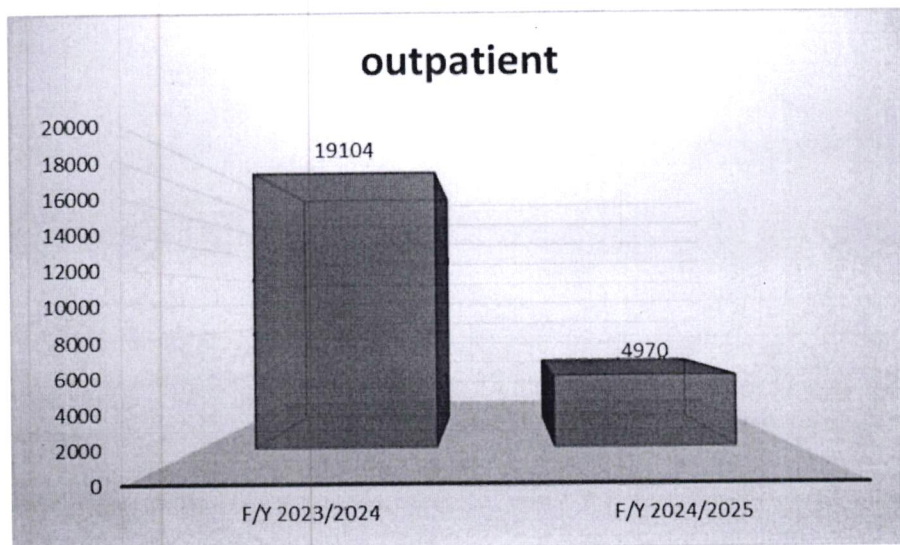
### The hospital's operational and financial performance

The hospital performance has improved in almost all indicators. The outpatient attendance has increased and inpatient performance also increased. This could be attributed to operationalization of laboratory and pharmacy departments to work 24/7 since April 2025. The quality of services has also improved due to availability of a consultant family physician from January 2025 which has also reduced referrals. This bold decision amidst staff shortage has seen overall improvement of service utilization.

Staff motivation and team work have also been a factor in overall improvement of the indicators. The hospital management has embarked of several activities geared to improvement of staff motivation namely; staff party, payment of allowances, departmental monthly meetings and quarterly staff meetings.

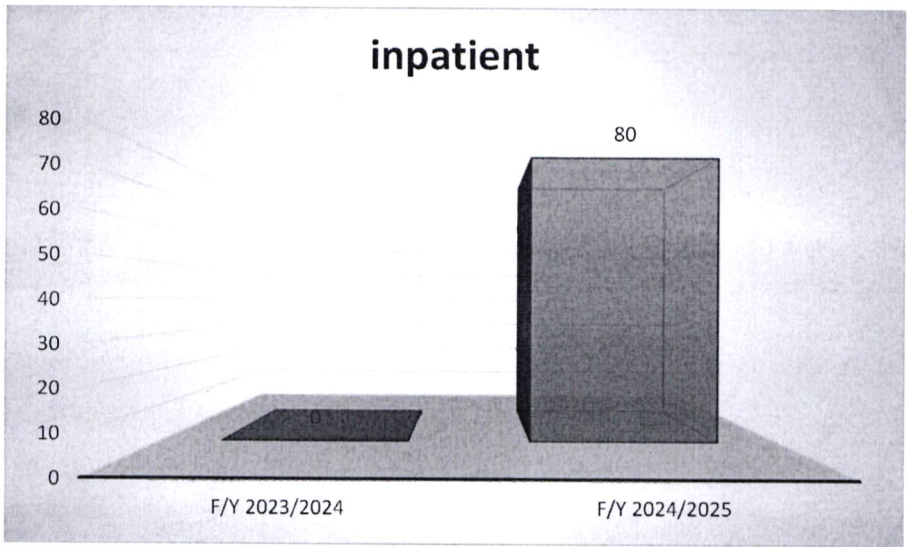
We have analyzed the performance of various indicators in comparison 2023/2024.

### OUT PATIENT

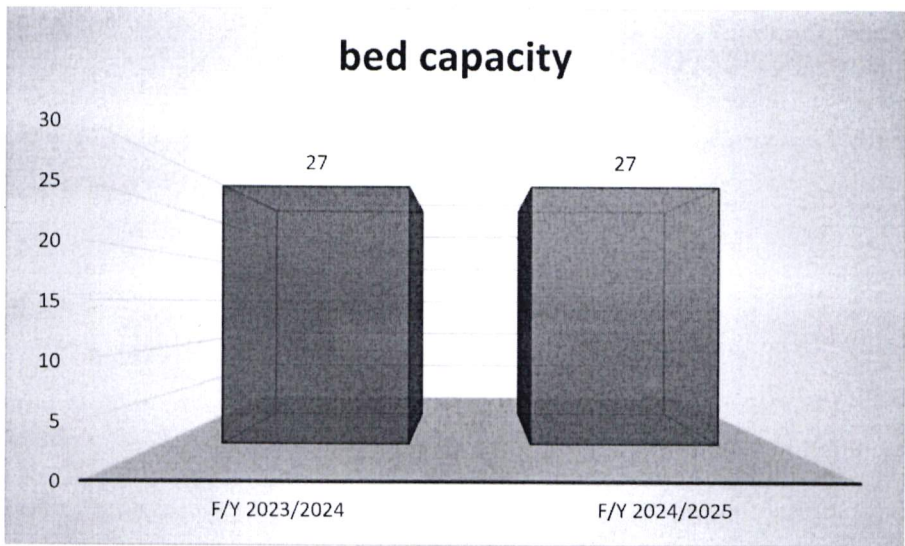


The hospital was initially classified as a Level 3 facility, where services were offered free of charge. However, following its upgrade to a Level 4 facility and the subsequent introduction of user fees, outpatient visits recorded a decline in the financial year 2024/2025 compared to 2023/2024

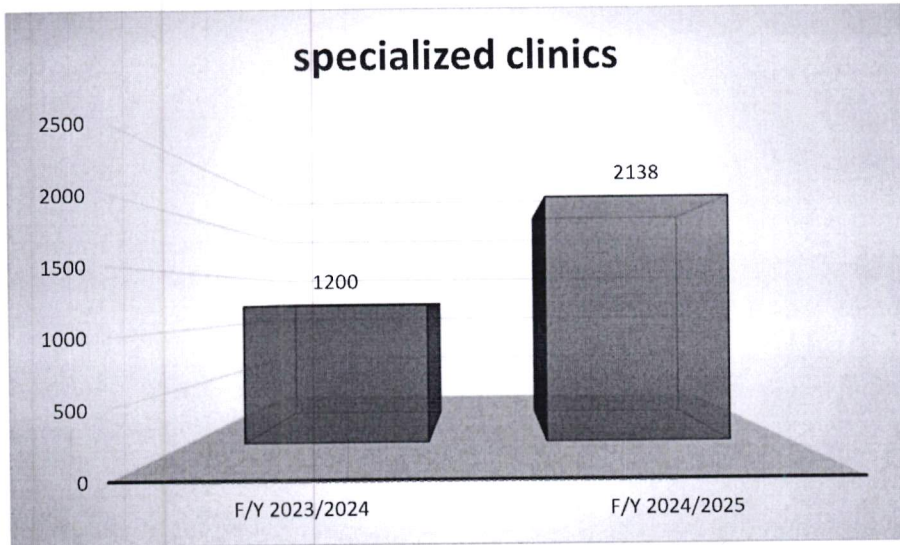
**INPATIENT**



There was overall increase in inpatient utilization as a result of operationalization of laboratory and pharmacy departments to offer 24/7 services.



There has been no change in bed numbers due to lack of expansion



The quality of services has improved due to availability of a consultant family physician from January 2024 which has also reduced referrals.

## **10. Environmental And Sustainability Reporting**

Kyambeke Sub- County Hospital Level 4 (KSCH) exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

#### **Stakeholder engagement**

KSCH key stakeholders include: patients, doctors, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community and the media. KSCH recognises its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance. KSCH key stakeholders are those groups who have a material impact on, or are materially impacted by KSCH and its operations.

### **ii) Environmental performance**

The Hospital's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible. The Hospital recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate change. In addition, there is need for removal of asbestos roofing which is a health risk to the community

### **iii) Employee welfare**

The focus of attracting and utilising talent in a challenging healthcare market continues to be a priority for KSCH. KSCH management has focused on creating conducive work environment in order to attract, train and retain workers. We have continuously through the human resource and advisory committee improved the capacity, skills and knowledge of staff through approving of trainings, Continuous Medical Educations, supporting conference attendance and supporting and financing senior courses.

### **iv) Market place practices**

Kyambeke Sub- County Hospital Level 4 has made efforts to promote:

#### **a) Responsible competition practice.**

The organisation ensures all the clients are given receipt for any money paid and are given services they have paid for. Posters, aboard is put in strategic place for services rendered for all to read.

**b) Responsible Supply chain and supplier relations**

Those interested to do business the organisation, buy tenders when advertised through the various social media after every two years. Those who qualify are given orders and are paid in good time.

**c) Responsible marketing and advertisement**

When clients are served well, they advertise and inform others about the good quality services available which are friendly and cost effective

**d) Product stewardship**

High priority in terms of accountability and honest is given on all items and supplies done, frequent checks on inventory are carried on to ensure product stewardship.

**e) Corporate Social Responsibility / Community Engagements**

The commitment of KSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. KSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all. KSCH Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve.

These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. Community engagement in ways like when we have Mother's Day meetings, over 200 mothers come and educated about breast feeding, hygiene practise and given. The remain part and parcel of the community and therefore it's with constant check with the community. Community trainings on different aspects remain as one of the key Corporate Social Responsibility. Education and support of the expectant and breast-feeding mothers through provision of mother pack is a program designed to ensure the facility remain a centre for preferred Health Care services provision in the surrounding Community

**11. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the kyambeke Subcounty Hospital affairs.

**Principal activities**

The principal activities of the hospital are to render quality, affordable and equitable health care services to all citizens and also to promote and participate in provision of integrated and high quality promotive, preventive and curative health care services to all citizens.

**Results**

The results of the entity for the year ended June 30 2025 are set out on pages 1.to 9

**Board of Management**

The members of the Board who served during the year are shown on page viii to ix The board members were appointed in the year 2023 with effect from October 2023.

**Auditors**

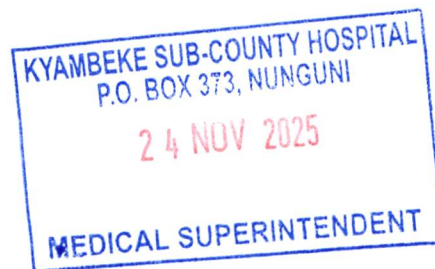
The Auditor General is responsible for the statutory audit of Kyambeke Subcounty Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.  
By Order of the Board



Name

Onesmus Kimanthi

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 Kyambeke Sub- County Hospital Level 4, which give a true and fair view of the state of affairs of Kyambeke Sub- County Hospital Level 4 at the end of the financial year/period and the operating results of the Kyambeke Sub- County Hospital Level 4 for that year/period. The Board of Management is also required to ensure that the Kyambeke Sub- County Hospital Level 4 keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kyambeke Sub- County Hospital Level 4. The council members are also responsible for safeguarding the assets of the Kyambeke Sub- County Hospital Level 4

The Board of Management is responsible for the preparation and presentation of the Kyambeke Subcounty Hospital financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Kyambeke Subcounty Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

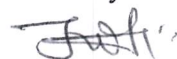
The Board of Management accepts responsibility for Kyambeke Subcounty Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 20--, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern OR


Nothing has come to the attention of the Board of management to indicate that the 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**

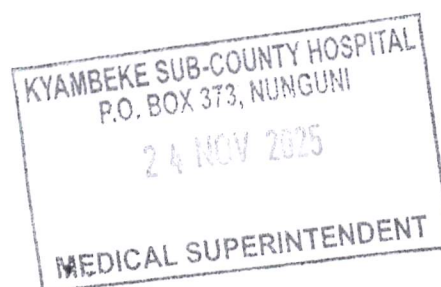
The Hospital's financial statements were approved by the Board on 24/11/25 and signed on its behalf by:



.....  
Name: Julius Ndumbuthi  
Chairperson  
Board of Management



.....  
Name: Onesmus Kimanathi  
Accounting Officer



# 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 KYAMBEKE SUB-COUNTY HOSPITAL LEVEL 4 FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MAKUENI

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kyambeke Sub-County Hospital Level 4 - County Government of Makueni set out on pages 1 to 55, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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*Report of the Auditor-General on Kyambeke Sub-County Hospital Level 4 for the year ended 30 June, 2025 - County Government of Makueni*

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 Kyambeke Sub-County Hospital Level 4 - County Government of Makueni 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, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Unconfirmed Inventories Balance**

The statements of financial position reflects inventories balance of Kshs.222,734 as disclosed in Note 31 to the financial statements. However, no evidence was provided for audit review to confirm that annual stock take had been conducted to confirm the quantities and status of closing inventories balances as at 30 June, 2025.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.222,734 could not be confirmed.

#### **2.0 Non-Disclosure of Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 32 to the financial statements reflect property, plant and equipment balance of Kshs.113,400. Review of the Hospital's records provided for audit revealed that the Hospital has land and buildings which were not disclosed in the financial statements. Further, ownership documents for the land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.113,400 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kyambeke Sub-County Hospital Level 4 - County Government of Makueni 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, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

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

In connection with my audit on the 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 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 Failure to Submit Bank Reconciliation Statements**

Review of the bank reconciliation statements for the financial year under review revealed that copies of bank reconciliations statements were not submitted to the County Treasury and the Auditor-General contrary to Regulation 90(1) of Public Finance Management (County Governments) Regulations, 2015 which states that, Accounting Officers shall ensure bank accounts reconciliations statements are completed for each bank account held by that Accounting Officer every month and submitted not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General.

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

## 2.0 Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in November, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-three (93) or approximately 92% of the authorized establishment as shown in Table 1 below:

**Table 1: Deficiencies in staff Requirements**

Grades	Level 4 Hospital Standard	No. in Hospital	Variance	Percentage %
Medical Officers	16	0	16	100
Anesthesiologist	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
Kenya registered Community Health nurses	75	8	67	89
<b>Total</b>	<b>101</b>	<b>8</b>	<b>93</b>	<b>92</b>

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as shown in Table 2 below:

**Table 2: Deficiencies in Equipment**

Requirement	Level 4 Standard	Actuals in the Hospital	Variance
Beds	150	27	123
Resuscitaire (2 in Labour ward, 1 in theatre)	3	1	2
New Born Unit Cots	5	2	3
New Born Unit Incubators	5	0	5
Functional ICU Beds	6	0	6
Functional HDU beds	6	0	6
Dialysis Machines	5	0	5
Operational theatres; Maternity and General	2	0	1

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health

care services, including Reproductive Health Care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**

**01 December, 2025**

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*


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


Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	1,698,440.00	-
In-kind contributions from the County Government	7	11,583,630.00	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>13,282,070.00</b>	-
<b>Revenue from exchange transactions</b>			-
Rendering of services- Medical Service Income	11	484,104.00	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	5,556,156.00	-
<b>Revenue from exchange transactions</b>		<b>6,040,260.00</b>	-
<b>Total revenue</b>		<b>19,322,330.00</b>	-
			-
<b>Expenses</b>			-
Medical/Clinical costs	15	2,653,740.00	-
Employee costs	16	10,486,745.00	-
Board of Management Expenses	17	26,000.00	-
Depreciation and amortization expense	18	16,200.00	-
Repairs and maintenance	19	-	-
Grants and subsidies	20	-	-
General expenses	21	378,519.00	-
Finance costs	22	-	-
<b>Total expenses</b>		<b>13,561,204.00</b>	-
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>			-
<b>Net Surplus / (Deficit) for the year</b>		<b>5,761,126.00</b>	-

The Hospital's financial statements were approved by the Board on 24/11/25 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
**ICPAK No: 25534**

  
 .....  
**Medical Superintendent**

KYAMBEKE SUB-COUNTY HOSPITAL  
 P.O. BOX 373, NUNGUNI  
 24 NOV 2025  
 MEDICAL SUPERINTENDENT

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,608,346.00	-
Prepayments	28		-
Receivables from exchange transactions	29	4,414,182.00	-
Receivables from non-exchange transactions	30		-
Inventories	31	222,734.00	-
<b>Total Current Assets</b>		<b>6,245,262.00</b>	-
		-	-
<b>Non-current assets</b>			
Property, plant, and equipment	32	113,400.00	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
<b>Total Non-current Assets</b>		<b>113,400.00</b>	-
		-	-
<b>Total assets (A)</b>		<b>6,358,662.00</b>	-
		-	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	46,600.00	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
<b>Total Current Liabilities</b>		<b>46,600.00</b>	-
		-	-
<b>Non-current liabilities</b>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Service concession Arrangements	42		
<b>Total non-current liabilities</b>			
<b>Total Liabilities (B)</b>		<b>46,600.00</b>	
<b>Net assets (A-B)</b>		<b>6,312,062.00</b>	
<b>Represented by:</b>			
Revaluation reserve			
Accumulated surplus/Deficit		5,761,126.00	
Capital Fund		550,936.00	
<b>Net Assets</b>		<b>6,312,062.00</b>	

The notes on pages 14 to 54 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 24/11/25 and signed on its behalf by:

  
 .....

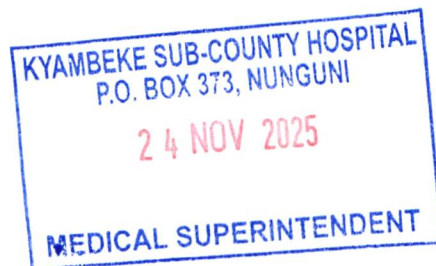
**Chairman**  
**Board of Management**

  
 .....

**Head of Finance**  
**ICPAK No: 25534**

  
 .....

**Medical Superintendent**



*Kyambeke Sub County Hospital Level 4 (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2024</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
<b>As at June 30, 2025</b>	-	-	-	-
	-	-	-	-
<b>At July 1, 20-- (current year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		5,761,126.00		5,761,126.00
Capital/Development grants			550,936.00	550,936.00
<b>At June 30, 20-- (current year)</b>		<b>5,761,126.00</b>	<b>550,936.00</b>	<b>6,312,062.00</b>

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		1,893,352.00	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		484104.00	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		1,275,264.00	-
Other Receipts in cashbook- See explanatory notes			-
<b>Total Receipts</b>		<b>3,652,720.00</b>	-
<b>Payments</b>			
Medical/Clinical costs		412,072.00	-
Employee costs		1,144,783.00	-
Board of Management Expenses		26,000.00	-
Repairs and maintenance		-	-
Grants and subsidies		-	-
General expenses		331,919.00	-
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>1,914,774.00</b>	-
<b>Net cash flows from operating activities</b>	43	<b>1,737,946.00</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(129,600.00)	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(129,600.00)</b>	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>1,608,346.00</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>			-
Cash and cash equivalents as at 1 July	27	-	-
<b>Cash and cash equivalents as at 30 June</b>	27	<b>1,608,346.00</b>	

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	-	-	-	-	-	%
<b>Receipts</b>						
Transfers from the County Government	1800000		1800000	1,893,352.00	(93,352.00)	105.19%
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	500,000.00		500,000.00	484104	15,896.00	96.82%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts ( <i>specify</i> )	1300000		1300000	1,275,264.00	24,736.00	98.10%
<b>Total receipts</b>	<b>3,600,000.00</b>		<b>3,600,000.00</b>	<b>3,652,720.00</b>	<b>(52,720.00)</b>	<b>101.00%</b>
<b>Payments</b>						
Medical/Clinical costs	784,000.00		784,000.00	412,072.00	371,928.00	52.56%
Employee costs	1,350,000.00		1,350,000.00	1,144,783.00	205,217.00	84.80%
Remuneration of directors	28000		28000	26,000.00	2,000.00	92.86%
Repairs and maintenance						
Grants and subsidies						
General expenses	1,238,000.00		1,238,000.00	331,919.00	906,081.00	26.81%
Finance costs						
Refunds						
<b>Total Operational Expenditure paid</b>	<b>3,400,000.00</b>		<b>3,400,000.00</b>	<b>1,886,374.00</b>	<b>1,485,226.00</b>	

***Kyambeke Sub County Hospital Level 4 (Makueni County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

<b>Capital Expenditure paid</b>	<b>200,000.00</b>		<b>200,000.00</b>	<b>129,600.00</b>	<b>70,400.00</b>	64.80%
<b>Surplus</b>	-		-	<b>1,608,346.00</b>		

***Budget notes***

Medical Service Income reported under 90% due to lower patient turnout, limited specialized services during the period, and delays in operationalizing new specialty clinics that had been anticipated to boost collections.

Miscellaneous Receipts reported over 90% due to enhanced billing, improved debt collection measures

Medical/Clinical Costs reported under 90% because of efficient procurement practices.

Employee Costs reported under 90% due to delayed recruitment

Capital expenditure reported under 90% due to delayed SHA reimbursements

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,608,346.00
1	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,608,346.00

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

### **1. General Information**

Kyambeke Hospital is established by and derives its authority and accountability from PFM act 2012 The entity is wholly owned by the makueni County Government and is domiciled in makueni County in Kenya. The entity's principal activity is to provide quality healthcare.

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

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

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

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

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

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

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

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

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

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

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on *march 2025*. 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 *hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Ta-es**

**Sales tax/ Value Added Taxes**

Expenses and assets are recognized net of the number of sales ta-, except:

- When the sales ta- incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales ta- 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 ta- included. The net amount of sales ta- recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of --- years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. 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. The asset is depreciated on a reducing balancing as ICT-33.3%. furniture 12.5%, land 2.5%, plant and machinery 12.5%. asset whose cost cannot be ascertained are not included in the property plant and equipment movement schedule.

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized 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) are set out in *Note --*.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

##### **Estimates and assumptions.**

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

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

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

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

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note ---. 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.

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	1,698,440	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
	-	-
<b>Conditional grants</b>	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>1,698,440.00</b>	<b>-</b>

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Makueni County Government	1,698,440.00			1,698,440.00	-
<b>Total</b>	<b>1,698,440.00</b>			<b>1,698,440.00</b>	<b>-</b>

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	9,341,962.00	
Medical supplies-Drawings Rights (KEMSA)	806,441.50	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,435,226.96	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>11,583,630.00</b>	-

8. Grants From Donors and Development Partners

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

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

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

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

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

**10. Public Contributions and Donations**

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

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

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

**Notes to Financial Statements Continued**

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

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Pharmaceuticals	363,078.00	-
Non-Pharmaceuticals	-	-
Laboratory	121,026.00	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income ( <i>specify</i> )	-	-
<b>Total revenue from the rendering of services</b>	<b>484,104.00</b>	<b>-</b>

**12. Revenue From Rent of Facilities**

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

**13. Finance /Interest Income**

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

**14. Miscellaneous Income**

Description	2024/2025	2023/2024
	KShs	KShs
Insurance recoveries	5,556,156.00	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
<b>Total Miscellaneous income</b>	<b>5,556,156.00</b>	-

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

**15. Medical/ Clinical Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	87,712.00	-
Public health activities	-	-
Food and Ration	225,810.00	-
Dressing and Non-Pharmaceuticals	-	-
Pharmaceutical supplies	-	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	71,350.00	-
Purchase of Medical gases	27,200.00	-
--Ray/Radiology supplies	-	-
Being refund for overpayment	-	-
Contracted Technical Services	-	-
<b>In-kind contribution</b>	<b>2,241,668.00</b>	
<b>Total medical/ clinical costs</b>	<b>2,653,730.00</b>	-

**16. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	1,034,163.00	-
Contributions to pension schemes	110,620.00	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
In-kind contribution	<b>9,341,962.00</b>	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>10,486,745.00</b>	-

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

**17. Board of Management Expenses**

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	26,000.00	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>26,000.00</b>	<b>-</b>

**18. Depreciation and Amortization Expense**

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	16,200.00	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>16,200.00</b>	<b>-</b>

**19. Repairs And Maintenance**

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	-	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>-</b>	<b>-</b>

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

**20. Grants And Subsidies**

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

**21. General Expenses**

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Advertising and publicity expenses		-
Catering expenses		-
Insecticides and rodenticides		-
Audit fees		-
Bank charges	7,441.00	-
Conferences and delegations		-
Electrical Supplies	17,270.00	-
Contracted services		-
Electricity expenses	69,450.00	-
Fuel and Lubricants	6,000.00	-
Travel and accommodation allowance	50,000.00	-
Licenses and permits		-
Courier and postal services		-
Printing and stationery		-
Publishing and printing		-
General Office supplies	156,220.00	-
Water and sewerage costs	<b>22,000.00</b>	-
Contracted Technical Services		-
Skills development levies		-
Telephone and mobile phone services	<b>50,138.00</b>	-
Internet expenses		-

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Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Animal feed		-
other fuels		-
Computer accessories		-
Households appliances & fittings		-
Other Operating expenses		-
<b>Total General Expenses</b>	<b>378,519.00</b>	-

**22. Finance Costs**

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	-	-

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	-	-

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

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	-	-

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

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and EXemptions	-	-
<b>Total Gain/Loss</b>	-	-

**26. Impairment Loss**

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

**27. Cash And Cash Equivalentents**

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	1,608,346.00	
On - call deposits	-	-
Fi-ed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalentents</b>	1,608,346.00	

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial Bank	1113138548	560,291.00	
Kenya Commercial Bank	1157819508	564,151.00	
<b>Sub- total</b>		1,124,442.00	
<b>b) On - call deposits</b>			
Kenya Commercial Bank			-
Kenya Commercial Bank –		-	-
<b>Sub- total</b>		-	-
<b>c) Fi-ed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa,		483,904.00	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>1,608,346.00</b>	<b>-</b>

**28. Prepayments**

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

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
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**29. Receivables From Exchange Transactions**

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	4,414,182.00	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>4,414,182.00</b>	<b>-</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,104,757.00	100%	-	%
Between 1- 2 years	309,425.00	%	-	%
Between 2-3 years		%	-	%
Over 3 years		%	-	%
<b>Total (a+b)</b>	<b>4,414,182.00</b>	<b>100%</b>	<b>-</b>	<b>%</b>

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

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

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

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

**31. Inventories**

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	111,348.00	-
Maintenance supplies	97,786.00	-
Food supplies	13,600.00	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>222,734.00</b>	-

**Detailed disclosure on inventories**

	<b>Insert Current FY</b>	<b>Insert Comparative FY</b>
Opening balance	-	-
Additional Inventory in the year	634,806.00	-
Inventory expensed in the year	412,072.00	-
Writexdowns in the year	-	-
Others specify	-	-
Closing balance	222,734.00	-

*Kyambeke Sub County Hospital Level 4 (Makueni County Government)*  
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*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
				12.5%					
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	-	-	-	-	-	-	-	-
At 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	-	-	-	129,600.00	-	-	-	-	<b>129,600.00</b>
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>129,600.00</b>	-	-	-	-	<b>129,600.00</b>
<b>Depreciation and impairment</b>									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-

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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
				12.5%					
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
<b>At 30 June 2024</b>		-	-	-	-	-	-	-	-
At July 2025		-	-	-	-	-	-	-	-
Depreciation		-	-	16,200.00					<b>16,200.00</b>
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>		-	-	<b>16,200.00</b>	-	-	-	-	<b>16,200.00</b>
		-	-	-	-	-	-	-	-
<b>Net book values</b>		-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2024		-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>		-	-	<b>113,400.00</b>					<b>113,400.00</b>

**Kyambeke Sub County Hospital Level 4 (Makueni County Government)**  
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**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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**35. Biological Assets**

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

**36. Trade and other Payables**

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	46,600.00		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	46,600.00		-	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Compa rative FY</b>	<b>% of the total</b>
Under one year	46,600.00	100%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>	<b>46,600.00</b>	<b>100%</b>		<b>%</b>

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

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

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<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>		<b>%</b>		<b>%</b>

**38. Provisions**

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

**39. Finance Lease Obligation**

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

**40. Deferred Income**

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

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

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

**41. Borrowings**

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

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

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

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

**42. Service Concession Arrangements**

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**43. Cash Generated from Operations**

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Surplus for the year before tax	5,761,126.40	-
<b>Adjusted for:</b>		-
Depreciation	16,200.00	-
Accrued expense	46,600	-
Opening balance	194,912.00	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		-
Increase in inventory	(222,734.49)	-
Increase in receivables	(4,104,757.51)	-
Increase in deferred income	-	-
Increase in payables	46,600.00	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>1,737,946.00</b>	-

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	4,414,182.00	4,414,182.00	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	1,608,346.00	1,608,346.00	-	-
<b>Total</b>	<b>6,022,528.00</b>	<b>6,022,528.00</b>	-	-

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The 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
<b>At 30 June 20--</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025</b>	-	-	-	-
Trade payables	-	46,600.00	-	46,600.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>46,600.00</b>	-	<b>46,600.00</b>

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

**(iii) Market risk**

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

The 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
<b>At 30 June 20--</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before ta-	Effect on equity
	Kshs	Kshs	Kshs
<b>20-- (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20-- (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**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.

**iv) Capital Risk Management**

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	5,761,126.00	-
Capital reserve	550,936.49	-
<b>Total funds</b>	6,312,062.49	-
	-	-
Total borrowings	46,600.00	-
Less: cash and bank balances	1,608,346.00	-
Net debt/ ( <i>excess cash and cash equivalents</i> )	-	-
<b>Gearing</b>	0.7%	

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

**45. Related Party Balances**

**Nature of related party relationships**

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

--- 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	2024/2025	2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>	-	-
	-	-
<b>a) Services offered to related parties</b>	-	-
Services to ---	-	-
Sales of services to ---	-	-
<b>Total</b>	-	-
	-	-
<b>b) Grants from the Government</b>	-	-
Grants from County Government	1,698,440.00	-
Grants from the National Government Entities	-	-
Donations in kind	2,241,668.46	-
<b>Total</b>	<b>3,940,108.00</b>	-
	-	-
<b>c) Expenses incurred on behalf of related party</b>	-	-
Payments of salaries and wages for --- employees	9,341,962.00	-
Payments for goods and services for ---	-	-
<b>Total</b>	<b>9,341,962.00</b>	-
	-	-
<b>d) Key management compensation</b>	-	-

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Description	2024/2025	2023/2024
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
<b>Total</b>	<b>13,282,070.00</b>	<b>-</b>

**46. Segment Information**

**47. Contingent Liabilities**

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

*(Give details)*

**48. Capital Commitments**

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

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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 makueni.

**51. Currency**

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

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**20. Appendices**

**Appendi- 1: Progress on Follow Up of Auditor Recommendations**

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

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

**Guidance Notes:**

  
 .....  
**Accounting Officer**

**Appendi- 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							