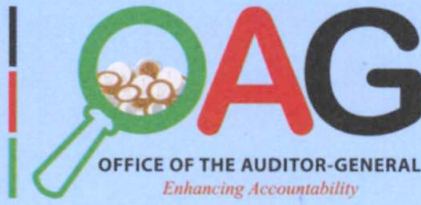


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REPORT

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OF

THE AUDITOR-GENERAL

ON

MAMA LUCY KIBAKI LEVEL 5
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

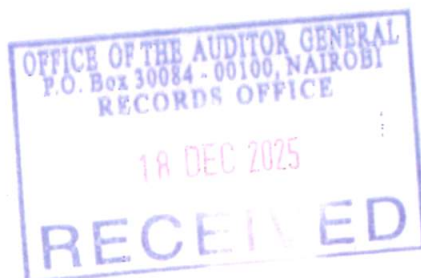
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COUNTY GOVERNMENT OF
NAIROBI CITY

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**NAIROBI CITY
COUNTY**



MAMA LUCY KIBAKI HOSPITAL – LEVEL 5 HOSPITAL

(County Government of Nairobi City)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

*Mama Lucy Kibaki Hospital (County Government of Nairobi City)
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2. Key Entity Information and Management

(a) Background information

Mama Lucy Kibaki Hospital, a Level 5 healthcare facility, boasts a bed capacity of 298, established under gazette notice number 8009 through a collaborative effort between Kenya and the People's Republic of China. The People's Republic of China built the hospital as a donation to the Kenyan government, in honour of the late former First Lady Mama Lucy Mwai Kibaki. The facility was initially gazetted as Embakasi District Hospital on **8th October 2010**. The Hospital was officially launched on Tuesday 26th February 2013 by the late His Excellency Emilio Mwai Kibaki.

The facility is domiciled in Nairobi City County under the Health Department. The hospital is governed by a Board of Management with sub-committees.

No.	Committees	Major Responsibilities
1	Finance and General-Purpose Committee	Ensures that the hospital operates in a financially sustainable way while maintaining high standards of patient care and services.
2	Public and Private Partnership Committee	Ensures that partnerships between the hospitals and private entities deliver value, enhance healthcare delivery, and protect public interests, while utilizing private sector resources and expertise effectively.
3	Quality Assurance Committee	It maintains and enhances the hospital's quality of care and patient safety by continuously evaluating performance, promoting best practices, and ensuring regulatory compliance. Its work directly impacts patient outcomes, staff performance, and overall hospital reputation.
4	Audit Committee	Provide oversight of internal controls, risk management, financial reporting, and compliance with regulations.
5	Communication and Branding Committee	Responsible for shaping the hospital's public image, managing internal and external communications, and developing strategies to strengthen the hospital's brand.
6	Board Executive Expenditure Committee	Responsible for overseeing and managing the hospital's major financial decisions related to expenditures, ensuring that spending aligns with strategic priorities and financial sustainability.

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(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to serve Kenyan citizens with excellence through the provision of quality, specialised evidence-based healthcare and promotion of medical training and research.

The hospital vision statement states, ‘A referral hospital of choice, setting the highest standard of patient-centred healthcare, medical training and research’

Our corporate culture shall be defined by the following core values:

- Mastery
- Loyalty
- Kindness
- Honesty

(c) Key Management

The hospital's routine operations are overseen by the following principal governing bodies;

- County department of health
- Board of Management
- Accounting Officer/ Chief Executive Officer
- Medical Superintendent & Deputy Medical superintendent
- Hospital Administrator
- Head of Finance
- Head of Supply Chain
- Others (*HOD*'s)

(d) Fiduciary Management

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

No.	Designation	From: mm/yyyy	To: mm/yy	Name
1	Chief Executive Officer	Sep-23	To 16 th June	Dr. Martin Wafula
2	Chief Executive Officer	June-16	To date	Fredrick Obwanda
3	Medical Superintendent	Apr-23	To date	Dr.Nehemiah Langat
4	Hospital Administrator	Jun-20	To date	Dan Aboka
5	Head of finance	Apr-23	July 2025	Monicah Muriithi
6	Head of finance	July 2025	To date	Fred Bosire
7	Head of supply chain	Mar-23	July 2025	Lucy Muthama
8	Head of Supply Chain	July 2025	To date	Mary Mwangi

(e) Fiduciary Oversight Arrangements

The Board Executive Expenditure and Finance & General-Purpose committee provide oversight on Hospital Financial Management prudent fund utilization while the Quality Assurance and Clinical Research & Standard Committee monitors the quality provision of services as prescribed in the MOH guidelines. The County Health Committee as well as the Full Board oversees budget preparation and implementation while the Audit Committee reviews all reports of the Internal auditors & Auditor-general in matters related to the management of finances. Other over sighting sub committees includes:

- Finance and General-Purpose Committee
- Clinical Research and Standards Committee.
- Audit committee
- County Health Committee
- Quality Assurance Committee
- Board Executive Expenditure Committee

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Key Entity Information and Management (continued)

- (f) **Entity Headquarters**
P.O. Box 30075 – 00100,
City Hall Building,
City Hall way,
NAIROBI, KENYA
- (g) **Entity Contacts**
Telephone: (254) 20 – 2297000, (254) 20 - 8022676
E-mail: medsupnedh@yahoo.com
Website: <https://mamalucukibakihospital.or.ke>
- (h) **Entity Bankers**
KCB Bank
Buru Buru Branch
Account No: 11233233864






Equity Bank
Kayole Branch
Account No : 0650285835170
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

Mama Lucy Kibaki Hospital (County Government of Nairobi City)
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- (k) **County Attorney**
P.O. Box. 30075 – 00100,
City Hall Building,
City Hall Way,
Nairobi, Kenya

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3. The Board of Management

S/No	Directors	Details
1	 ChRP Dorcas Kemunto-W, OGW,GPHR Cer ed Execu ve & Career Leadership Coach Board Chairperson	Has 23 years of HR management experience, 11 of which in HR leadership across Africa, Asia, and Latin America, has led HR initiatives in international organizations. Expatriate experience spans 4 years, living and practicing HR outside Kenya. She holds an MBA-HR, a B. Ed in Linguistics, and several certifications including Certified Executive Leadership Coach, SPHRi, HR Metrics & Analytics, and Certified HR Analyst, Negotiation Strategies, Project Management, Climate Change, Artificial Intelligence and others. Currently pursuing a PhD. She has served as a CEO of a state agency, Board Secretary, chaired two Board committees, and led high-profile recruitment panels including for NHIF's CEO and PSC Commissioners. Has Consulted for World Bank, Feed the Children International, and the Human Capital Institute USA. She was a member of the NCCG Health Reforms Taskforce, chairing the HR sub-committee. IHRM Licensed and Practising Member No. 01395
2	 Susan Wanjiru Vice Board Chairperson	Has over ten years of experience in a wide range of administrative roles and mobilization.
3	 Yvonne Peris Makokha Board Member	She is a registered nurse professional with over ten years of experience and a holder of Diploma in Health Nursing. Currently pursuing BSc.in Health System Management. Chairs the Finance and General-Purpose Committee.
4	 Hon. Christopher Mtumishi Area MCA & Board Member	A registered church leader for 10 years, expert in transformation church leadership, a renowned businessman and a politician. Chairman of public and private partnership, Finance and General-Purpose Committee and member of Nairobi County Assembly, health, wellness and nutrition services sector. Has Diploma in Counselling, Cert. in Transformation church Leadership, Budgeting and saving financial literacy and KSG Strategic leadership. Chairs to the Public, Private Partnership Committee.
5		She is a registered clinical officer with four years of experience and a holder of Diploma in Clinical Medicine & Surgery. Chairs the Quality Assurance Committee.






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	<i>Fridah Wambui Ndua Board Member</i>	
6	 <i>Jenifer Mumbua Mutunga Board Member</i>	<p>She has over eight years' experience in leadership and management and a holder of Bsc.in leadership & management, a Diploma in Purchasing and Supply Chain Management.</p> <p>Chairs the Communication and Branding Committee.</p>
7	 <i>Ronald Ngala Oniango Board Member</i>	<p>Has over ten years of experienced in a wide varying set of management areas.</p> <p>Chairs the Audit Committee.</p>
8	 <i>Dr. Irene Muchoki Chief Officer Medical Services Board Member</i>	<p>Public Health Specialist and leader in health policy, strategic planning and budgeting, administration and human resource for health, health research, quality improvement in health, M&E and management of development projects in health.</p> <p>MPH, B. Pharm & BSc, Zoology</p>
9	 <i>Fredrick Obwanda, CEO & HMB Secretary</i>	<p>Current CEO and HMB Secretary. Previously served as the CEO and HMB Secretary, Project manager and programme officer at Mama Rachel Ruto Hospital Mutuini, VoDan Africa and Bloodlink Foundation/National blood Transfusion & Tissue services.</p> <p>He holds Masters in HealthCare Management from UCLA Anderson School of Management and a Bachelor of Arts, Economics and Sociology from University of Nairobi.</p>

The current members were appointed by the governor under gazette notice 5485 dated 24th April 2023

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4. . Key Management Team

S/No.	Managers	Details
1	 <p><i>Fredrick Obwanda CEO</i></p>	<ul style="list-style-type: none"> ❖ Responsible for providing leadership, managing resources, ensuring compliance, and fostering innovation, all with the ultimate goal of delivering high-quality healthcare.
2	 <p><i>Dr. Nehemiah Langat Medical Superintendent</i></p>	<ul style="list-style-type: none"> ❖ Responsible for managing the hospital's clinical services, ensuring high standards of patient care, maintaining compliance with medical regulations, and fostering an efficient, ethical, and professional medical environment.
3	 <p><i>Dan Aboka Hospital Administrator</i></p>	<ul style="list-style-type: none"> ❖ Responsible for managing the hospital's non-clinical functions, including operations, finances, human resources, facilities, and patient services. This role is essential to ensuring that the hospital operates smoothly, enabling the medical team to focus on delivering quality patient care.
4	 <p><i>CPA Monicah Muriithi Accountant I/C</i></p>	<ul style="list-style-type: none"> ❖ Responsible for managing the hospital's financial health, ensuring compliance with accounting and tax regulations, maintaining accurate financial records, and providing strategic financial insights to support hospital operations. This role is essential in ensuring that the hospital operates within its financial means while providing quality healthcare services.
5	 <p><i>Lucy Muthama Supply Chain Management I/C</i></p>	<ul style="list-style-type: none"> ❖ Responsible for ensuring that the hospital has a consistent and cost-effective supply of necessary resources, including medical supplies, equipment, and pharmaceuticals. This role is crucial for maintaining hospital operations, improving efficiency, reducing costs, and ensuring that the hospital can provide uninterrupted, high-quality patient care.



*Hellen N. Mwai
Nursing Services Manager*

❖ Ensures that nursing services are delivered effectively, staff are supported, and patients receive high-quality care within a structured and compliant healthcare environment.

5. Chairman's Statement

As chairperson of the Board, I am pleased to present the key highlights and activities of Mama Lucy Kibaki Hospital for the 2024/2025 financial year. This period has been one of remarkable progress, strategic decision-making, and a continued commitment to delivering quality healthcare despite facing various operational challenges.

During the 2024/2025 financial year, the hospital provided care to a total of 483,955 patients, a testament to the growing demand for our services. In response, we have significantly expanded our service offerings with the introduction of several specialized units, including a Pharmacy dedicated to Paediatric Care, a new Orthopaedic Unit, a specialized Wound Care Unit, and fully equipped Paediatric Intensive Care Unit (PICU) and Neonatal Intensive Care Unit (NICU). These developments have enhanced our ability to provide comprehensive care across a broader range of specialties.

Our mortality rate, while standing at 6%, continues to be an area of focus, and we are committed to improving clinical outcomes through targeted interventions and continuous monitoring.

Despite our service delivery milestones, we continue to face significant staffing challenges. With a total staff complement of 613, we are operating at just over 50% of our optimal capacity, as the hospital requires a workforce of 1,200 to meet current patient care demands. This shortage of healthcare professionals remains a critical issue, and it is essential that we implement strategies to attract and retain top talent in an increasingly competitive environment.

I am glad to report that our financial performance for the year has been vigorous. We achieved a 23% increase in revenue, driven by both expanded service offerings and ongoing cost optimization efforts. This financial stability has allowed us to reinvest in critical infrastructure and technological advancements, ensuring that our hospital continues to offer cutting-edge medical care to the community.

While we celebrate our achievements, the year has had its challenges. Rising operational costs, coupled with an unpredictable economic climate, slow reimbursement of SHA claims has placed significant strain on our financial and operational resources. Recruitment and retention of skilled professionals remain ongoing concerns, as demand for highly qualified staff continues to exceed supply.

Looking ahead our focus is on consolidating the progress achieved while proactively addressing the critical challenges that remain. Our strategic priorities will centre on expanding our service delivery, with emphasis on digital health innovations and patient-centered care models. We are equally committed to investing in our workforce, enhancing professional development opportunities, and fostering a supportive work environment that empowers our teams to sustain and elevate the highest standards of care maintained.

I am confident that, through the unwavering dedication of our team and the steadfast support of our stakeholders, Mama Lucy Kibaki Hospital is well positioned to realize its vision of becoming a leader

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in world-class healthcare delivery. Together, we will continue to uphold excellence in service and consistently exceed the expectations of the community we serve.

Thank you for your continued trust and support.


.....
CHRP DORCAS KEMUNTO, OGW, GPHR
Chairperson to the Board

6. Report of The Chief Executive Officer

During the 2024/2025 financial year, Mama Lucy Kibaki Hospital demonstrated steady progress in both service delivery and financial performance. The hospital recorded a **notable improvement in revenue generation**, driven by enhanced efficiency in billing, claims management under the Social Health Authority (SHA), and increased patient volumes. Expenditure was maintained within budget through prudent cost management and adoption of digital systems that streamlined operations and reduced wastage.

The CEO highlighted key **achievements**, including the ongoing implementation of electronic medical records (EMR), expansion of the maternity and surgical units, improved turnaround time in laboratory and radiology services, and strengthened partnerships with county and national health agencies. The hospital also enhanced staff training, patient satisfaction levels, and community outreach programs focused on preventive healthcare.

Looking ahead, the CEO reaffirmed the hospital's **objectives for FY 2024/2025**, which include:

- Achieving financial sustainability through improved revenue collection and expenditure control.
- Expanding specialized services to reduce patient referrals.
- Enhancing infrastructure and equipment modernization.
- Deepening staff capacity building and performance management.
- Strengthening alignment with Kenya's Universal Health Coverage (UHC) and SHA objectives to ensure accessible, affordable, and quality healthcare.

Overall, the CEO expressed optimism that with continued stakeholder support and strategic leadership, Mama Lucy Kibaki Hospital will sustain its growth trajectory and deliver even higher standards of care in the coming financial year.

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.....
Name

Secretary to the Board

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7. Statement of Performance Against Predetermined Objectives

Mama Lucy Kibaki Hospital has five strategic pillars and objectives within the current Strategic Plan for the FY 2024/2025- FY 2028/2029. These strategic pillars are as follows:

- 1: Health Financing
- 2: Health Products & Technologies
- 3: Health Information Technologies
- 4: Human Resources for Health
- 5: Healthcare governance and leadership
- 6: Health Infrastructure and Equipment

Mama Lucy Kibaki Hospital develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Mama Lucy Kibaki Hospital achieved its performance targets set for the FY 2024/2029 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health Financing	Increase in FIF revenue	Growth in FIF	<ul style="list-style-type: none"> • Implement a document management system • Increased SHIF enrolment drives • Partnership with insurance such as MAKL for TSC and KPS/NPS and NCKK 	<ul style="list-style-type: none"> • FIF growth rate of 126% • Real time NHIF claims • Implemented separate Billing, Claims and Invoicing departments to address confusion stemming from their initial consolidation • Submitted all pending NHIF claims • Empanelment by private and corporate clients- MAKL
Health Products & Technologies	Improve access to Health		<ul style="list-style-type: none"> • Adopt and 	<ul style="list-style-type: none"> •

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	Services		<p>implement ERP and inventory monitoring</p> <ul style="list-style-type: none"> • Establish a framework for regular supplies from KEMSA • Establish a revolving fund pharmacy • Establish IV Fluids manufacturing plant 	<p>Availability of essential medicines 85%</p> <ul style="list-style-type: none"> • Average lead time: 30 days • Order fill rate: < 30% • Stock absorption rate 98% • Stock Expiry rate is <15 % • HPT Reporting rate KHIS October 2021 (89%) • Tested HPT pass rate NQCL 2019 (n=836) : 99%; MEDS 2020 (n=717) : 98.5% • Number of HPT Units : 5 • Out of Pocket Spending (46%) • County Budget Allocations to HPT as % of Health Budget : 10-20% • Total HPT needs – Ksh 81.07 Million • Revived KEMSA as our Purchasing point
Health Information Technologies	Improve access to Health			

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	Services		<ul style="list-style-type: none"> • Adopt point of care systems, tele-medicine, tele-radiology, e-commerce, e-advertisement and e-learning • Implement Afya KE HMIS • Adopt Booking and patient scheduling through bulk SMS notification • Implement e-board and e-HMT repositories • Install 24-hour CCTV surveillance and security system • Implement a document management system 	<ul style="list-style-type: none"> • Afya KE system rolled out • Deployed health records personnel in all department • On-boarded Safaricom as backup internet provider for internet stability
Human Resources for Health	Improve access to Health Services		<ul style="list-style-type: none"> • Establish sub-sectional administration, ward and floor management structures • Adopt short term contracts, outsourcing, subcontracting and leasing for support services 	<ul style="list-style-type: none"> • Installed a Biometric clocking system • Started staff welfare (monthly birthdays, staff welfare and recognition and reward system • HMT training on strategic

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			<ul style="list-style-type: none"> • Expand specialized care to 100 specialises 	<p>leadership, financial management, risk management and compliance, strategic human resources, and quality and safety issues</p>
Health Infrastructure and Equipment	Improve access to Health Services		<ul style="list-style-type: none"> • Expand ICU to 28 beds • Expand dialysis units to 14 • Establish NICU, PICU, SGBV, Maxillofacial, plastic surgery unit, inpatient lab, Pathology lab, integrated rehabilitation centre, chemotherapy centre, diabetic centre and orthopaedic units • Expand emergency and accident, farewell home, customer care centre, waiting bay, amenity ward, mothers lounge and smart 	<ul style="list-style-type: none"> • Established wound care, Plastic Surgery and Cosmetic Centre • Established Orthopaedics and Trauma Centre • Established Orthopaedics Theatre • Established Orthopaedic Ward • Expanded the Dental Centre from 2 to 6 chairs • Established an Integrated MCH with breast and Cervical cancer screening centre • MLKH Annex Eye hospital • 24/7 CCTV

8. Corporate Governance Statement

Appointment of Board Members

The process for appointing and removing Board members is clearly defined in our governance framework. The current members were appointed by the governor under gazette notice 5485 dated 24th April 2023 based on their expertise, experience, and ability to contribute to the strategic objectives of the hospital.

Roles and Functions of the Board

The Board's primary role is to provide strategic guidance and oversight to the hospital's management team. This includes approving major policies, monitoring organizational performance, and ensuring that the hospital's activities align with its mission and values. The Board delegates day-to-day management to the Chief Executive Officer and senior management, retaining oversight responsibilities to ensure accountability and effective governance.

Induction and Training

Newly appointed Board members undergo a comprehensive induction program designed to familiarize them with the hospital's operations, governance structure, and their specific roles and responsibilities. Ongoing training and development are also provided to ensure that all members remain informed about the latest trends in healthcare governance, regulatory changes, and best practices. This continuous learning approach ensures that the Board can effectively fulfil its duties.

Board Meetings and Attendance

The Board of Management held a total of **5** meetings over the past year. These meetings were convened to discuss and decide on key strategic issues, monitor performance, and ensure that the hospital's objectives were being met. The attendance of Board members was commendable, with an average attendance rate of **100%**, demonstrating their commitment to their roles.

Board Remuneration

Board members are remunerated in accordance with the hospital's remuneration policy, which is designed to attract and retain individuals with the requisite skills and experience. The policy ensures that remuneration is fair, competitive, and aligned with the market standards, while also reflecting the responsibilities and time commitments required of Board members.

Ethics and Conduct

The Board is committed to upholding the highest standards of ethics and conduct. All members are expected to act with integrity, transparency, and accountability in all their dealings on behalf of the hospital. The Board Charter includes a code of conduct that outlines the ethical principles and behaviours expected from all members. Any breaches of this code are taken seriously and are addressed promptly.

9. Management Discussion and Analysis

The hospital has a bed capacity of 298

The hospital offers specialised services including Critical care (4 bed), dialysis (3 units), Surgery (6 operating theatres), Sexual gender-based violence clinic (30 cases daily).

Workload analysis indicates an attendance of 281,678 outpatient visits, 72,316 cases attended to in the accident and emergency department, 13,337 inpatients visits, with an average bed occupancy rate of 218%. Additionally, the hospital receives an average of 30 referrals per day. Monthly statistics include approximately 590 normal deliveries, 330 caesarean sections (with 80% being referral cases), and 340 major surgeries

The facility maintains a staff establishment comprising 636 permanent employees, including 68 medical specialists

The top five leading causes of morbidity for children under five years include Upper respiratory infections, Diseases of the skin, Diarrhoea diseases, Rickets, Tonsillitis

The top five leading causes of morbidity for over five years include Upper respiratory infection, Diabetes, Urinary tract infection, Hypertension, and Arthritis

The facility offers both Outpatient and Inpatient services. Among the services offered as outpatient include; Adult outpatient - General consultation, injection, counselling and wound care, Paediatric outpatient-general consultation, emergency services, wound care and injections, Accident and emergency- with a trauma theatre, HDU, POCUS, Specialist clinics - reproductive health, MOPC, GOPC, CCC, SOPC, DOPC, POPC, ENT, Dental, Nutrition and dietetic, Ophthalmology, Maxillofacial, Cardiology, Pathology, Oncology, Interventional Radiology, Dermatology, Pulmonology, Chest specialist, Psychiatry, Urology Orthopaedic, Neurology, Plastic and Reconstructive Surgery, Rehabilitative Services and Mental health.

The Hospital is well established with:

- a. Radiology; CT-Scan 128 Slice, Four X-Ray Machines, Five 4D Ultrasound Machine, Mammogram, Echo, ECG, OPG, IOPA and EEG.
- b. Laboratory; Haematology, Bio-Chemistry, Histopathology, Clinical Cytopathology, Parasitology, Microbiology, Virology, CRP, Immunology, Blood Gas, Urinalysis and Histo-chemistry. Our labs are classified as out-patient lab, centralized referral lab and in-patient lab. The hospital acts as a sample referral centre.

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- c. Pharmacy Services: MLKH maintains a comprehensive inventory of Pharmaceuticals and Non-Pharmaceuticals listed in the Kenya Essential Drug List. Our formulary is regularly updated to ensure availability of essential medications, including nutritional supplements, toxicological drugs, and consultant-preferred medications. We operate both inpatient and outpatient pharmacies, supported by a central store, to efficiently meet the medication needs of our patients.
- d. Support Services: MLKH offers a diverse range of support services, including Health Records and Information Management, Nutrition, Public Health, Hospitality, Medical Social Work, Administration (Finance, Supply Chain Management, Corporate Communications, Human Resources, ICT, Security, Cleaning, and Housekeeping), Strategy Delivery Unit, Biomedical Engineering, and Farewell Home Services.

Clinical/operational performance

S/No.	Particulars	Figures	% Proportion
1	Outpatient Attendance	281,678	58%
2	Inpatient Admissions	13,337	3%
3	Accident & Emergency Attendance	72,316	15%
4	Specialized Clinics Attendance	107,063	22%
5	Theatre Operations	9,561	2%
6	Bed Occupancy Rate	218%	
7	Average Length of stay	8 DAYS	
8	Mortality Rate	6%	

10. . Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Mama Lucy Kibaki Hospital provides high-quality healthcare services to the citizens of our country, with a mission to improve the health and well-being of our communities. Our primary mandate is to ensure that these services are accessible, equitable, and sustainable over the long term. In the healthcare sector, sustainability means the ability to consistently deliver essential medical care while adapting to the evolving needs of our patients and the broader societal context in which we operate.

Our sustainability strategy is focused on maintaining and enhancing our service delivery through the efficient use of resources, the adoption of innovative practices, and the commitment to environmental and financial stewardship. This involves not only improving the quality of care but also ensuring that our operations can withstand and adapt to external challenges, such as changes in the political environment, economic fluctuations, and the growing impact of global health trends.

Top management, particularly the accounting officer, emphasizes our efforts to incorporate sustainability into all aspects of hospital operations. We are guided by international best practices in healthcare sustainability, which inform our approach to reducing waste, conserving energy, and minimizing our carbon footprint.

Our sustainability priorities are influenced by broader trends, including the increasing demand for healthcare services, the need for cost containment in the face of rising healthcare costs, and the impact of macroeconomic factors on public funding. We are committed to addressing these challenges through proactive planning and the adoption of sustainable practices that enhance the resilience of our healthcare system.

The facility has reduced energy consumption through the improved waste management practices and enhanced the efficiency of our healthcare delivery systems. However, we also recognize areas where we have faced challenges, such as balancing the need for immediate patient care with long-term sustainability goals and managing the financial

pressures associated with maintaining high standards of care in a resource-constrained environment.

These experiences drive our continuous efforts to refine our sustainability strategy, ensuring that we remain capable of delivering high-quality healthcare services for generations to come. By aligning our practices with global standards and learning from both our successes and setbacks, we are committed to building a healthier, more sustainable future for all.

ii) Environmental performance

The hospital is committed to reducing its environmental footprint by implementing sustainable practices in all operations. Focus areas include energy conservation, waste reduction, pollution prevention, and promotion of sustainable healthcare practices.

The facility ensures compliance with national and international environmental regulations, integration of environmental considerations into decision-making processes and continuous monitoring and improvement of environmental performance as well as implementation of waste management action plan.

Shortcomings include:

- a) Inadequate legal framework
- b) Inadequate resources including workforce, tools, equipment and infrastructure
- c) Inadequate funding
- d) Inadequate awareness amongst the populace
- e) Inadequate compliance and enforcement system

Efforts to manage biodiversity include:

- a) Planting greenery in public open spaces.
- b) Provision of tree seedlings and flowers to stakeholders for planting and nurturing.
- c) Maintenance of green public spaces.

iii) Employee welfare

The facility is not mandated to hire or promote any employee by independence. However, by approval, the facility has engaged locums/ casual employees to cover up the approx. 51.5% human resources gap.

I. Improving skills and managing careers Training

The HR department within the facility conducts regular Training and Development Committee Meetings to guide and approve courses undertaken by staff members to improve on career progression and development. The facility also conducts in-house training for short courses to staff members to enhance their work performance.

II. Safety

The Quality Assurance committee ensures:

- a) Provision and maintenance of safe plants and systems at the workplace
- b) Absence/ elimination of all risks at the workplace
- c) Provision of information to employee on Safety and Health at workplace
- d) Provision and maintenance of Safe Health State at workplace

iv) Market place practices-

a) Responsible Competition Practice

On anti-corruption, we ensure transparency in all decisions made within our area of jurisdiction e.g., open tendering, and involvement of all stakeholders.

On responsible political involvement, we ensure impartiality in every area of where we are involved in by always being fair.

On Fair Competition and Respect for competitors in our operations, we ensure that bidding is open to whoever is willing to participate and ensure the ultimate winner is awarded.

b) Responsible Supply Chain and Supplier relations

Mama Lucy Kibaki Hospital maintains good business practices by ensuring that the environment is favourable for business, stake holder's participation and proper communication either through print media or broadcast.

The facility treats its own suppliers responsibly by honouring contracts and respecting payment practices which is exhibited through settlement of pending bills.

c) Responsible Marketing and Advertisement

The facility maintains ethical marketing practices by ensuring stakeholders participation and adequate communication through notices, print and broadcast media.

d) Product stewardship or Awareness Creation

Outline efforts to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the entity safeguards citizens' rights and interests (Providing adequate service information e.g. NHIF, NSSF, application of licenses, ID, Passport, logbook, connection to power, water, right to representation when arrested/ bail, right to peaceful demonstration, dispute resolution and redress, whistle blowers rights, citizen data and privacy protection)

v) Corporate Social Responsibility / Community Engagements

The facility runs Mama Lucy Kibaki Care programme with its objective being to provide equity healthcare services to the vulnerable and the needy within the society. The facility through NHIF liaisons office register the beneficiaries in the NHIF and make annual contributions. Twenty-seven (27) beneficiaries have been assisted through this programme. We also provide free cervical cancer screening, free ambulances and free medical camps.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of Mama Lucy Kibaki Hospital affairs.

Principal activities

The principal activity/mission/ mandate of the hospital is to serve Kenyan citizens with excellence through the provision of quality, specialised evidence-based healthcare and promotion of medical training and research.

The hospital vision statement states, 'A referral hospital of choice, setting the highest standard of patient-centred healthcare, medical training and research'

Results

The results of the entity for the year ended June 30 2025

Board of Management

The members of the Board who served during the year

Auditors

The Auditor General is responsible for the statutory audit of Mama Lucy Kibaki Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Mr. FREDRICK OBWANDA
Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

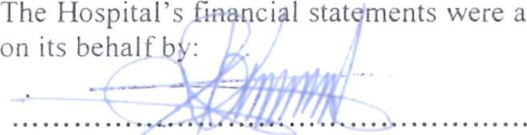
The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the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

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

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

Approval of the financial statements

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



.....
CHRP DORCAS KEMUNTO, OGW
Chairperson
Board of Management



.....
Mr FREDRICK OBWANDA
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 MAMA LUCY KIBAKI LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAIROBI CITY

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 Mama Lucy Kibaki Level 5 Hospital – County Government of Nairobi City set out on pages 1 to 51, which comprise

Report of the Auditor-General on Mama Lucy Kibaki Level 5 Hospital for the year ended 30 June, 2025 – County Government of Nairobi City

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mama Lucy Kibaki Level 5 Hospital – County Government of Nairobi City 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Property, Plant and Equipment Balance

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.2,369,968,003. Review of the fixed asset register maintained revealed that it was not comprehensive. This was contrary to International Public Sector Accounting Standard (IPSAS) 45 – Property, Plant and Equipment that requires entities to maintain a comprehensive and accurate PPE register showing cost, accumulated depreciation, additions, disposals, revaluations, and carrying amounts at the reporting date.

Further, included in the balance is an amount of Kshs.2,010,000,000 in respect of land. However, the balance was not supported with a title deed.

In the circumstances, the accuracy, completeness, regularity and ownership of property, plant and equipment balance of Kshs.2,369,968,003 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mama Lucy Kibaki Level 5 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.841,100,410 and Kshs.602,196,696

respectively resulting in revenue shortfall of Kshs.238,903,714 or 28% of the budget. Similarly, the statement reflects actual expenditure of Kshs.652,254,620 against an approved budget of Kshs.786,365,498 resulting to an under expenditure of Kshs.134,110,878 or 17% of the budget.

In the circumstances, the under-funding and under-expenditure may have affected the operations and planned activities of the Hospital and hence impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

As disclosed under follow-up on the auditor's recommendations on prior years audit issues, various prior years audit issues remained unresolved as at 30 June, 2025. Management has not provided reasons for the delay in resolving the prior year's audit issues.

Other Information

The Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Fund Information and Management, Key Management Team, Fiduciary Management, Fiduciary Oversight Management, Chairperson' Statement, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Mama Lucy Kibaki Level 5 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 no 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. Stalled Capital Works

Review of financial records confirmed the Hospital Management had entered into contract agreement for construction and completion of Phase 2 of the project at contract sum of Kshs.344,100,000. Management explained the project was initiated by the Nairobi Metropolitan Services (NMS) prior to its dissolution on 30th September 2022, after which all functions were reverted to the Nairobi City County Government.

According to the certificates of completion the value of works completed was Kshs.183,443,491 and an amount of Kshs.122,267,413 had been paid to the contract. However, a physical verification of the project in the month of October 2025 confirmed that the project had stalled.

Despite substantial expenditure of Kshs.183,443,491, representing 45% project completion, the works have since stalled following contract expiry. The contract file remains at the Executive Office of the President (EOP), hindering the County's ability to progress or reprocur the remaining works.

In the circumstances, value for money on expenditure of Kshs.183,443,491 on the project could not be confirmed.

2. Irregular Issuance of Waivers and Exemptions

The statement of financial performance and Note 25 to the financial statements reflects an amount of Kshs.66,984,215 in respect of waivers and exemptions. Review of the supporting documentation, procedures, and approval records revealed significant weaknesses in the administration of waivers and exemptions. Specifically, Management did not constitute a Waivers and Exemptions Committee as required under the Health Facility Revenue Manual (2017) and the Facility Improvement Fund (FIF) Guidelines (2014).

Further, the Social Work Department lacked standardized waiver application forms for patients, and most waiver approvals were processed directly by senior officers, including the Chief Executive Officer (CEO), Medical Superintendent, or Head of Administration, instead of the designated committee. Review of selected waiver forms showed that

several were incomplete, missing required details such as social worker assessments, unit nurse manager recommendations, and official signatures of authorization revealing loopholes of poor record keeping on the number of waivers and exemptions granted.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing

Review of the approved staff establishment confirmed the Hospital had an authorized staff capacity of one thousand two hundred and sixty-one (1261) officers. However, it was confirmed that Hospital had only five hundred and eighty-nine (589) officers in various categories of establishment resulting in a variance of six hundred and seventy-two (672) officers. However, Management did not explain measures being undertaken to bridge the gap.

In the circumstances, the Hospital may not achieve its strategic objectives.

2. Lack of Human Resource Manual

The Hospital did not have a formal human resource (HR) manual or documented HR policies. Staffing was largely based on locums and contract employees, yet there is no clear framework governing recruitment, deployment, contracts, terms of service, performance appraisal, or discipline. In the absence of a formal manual, HR decisions rely on ad hoc practices, which may vary between departments and individual managers. There is no standard process for managing locum and contract staff, including induction, evaluation, renewal of contracts, or compliance with labour laws.

In the circumstances, the existence of an effective human resource management system could not be confirmed.

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 Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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

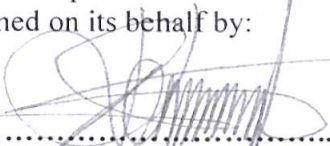
19 December, 2025

Mam Lucy Kibaki Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Revenue from non-exchange transactions			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	924,000	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	48,262,673	0
Revenue from non-exchange transactions		49,186,673	0
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	791,673,737	631,845,793
Revenue from rent of facilities	12	240,000	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		791,913,737	631,845,793
Total revenue		841,100,410	631,845,793
Expenses			
Medical/Clinical costs	15	392,346,147	361,005,657
Employee costs	16	49,474,882	93,673,179
Board of Management Expenses	17	6,500,000	6,443,200
Depreciation and amortization expense	18	64,093,442	67,835,719
Repairs and maintenance	19	76,733,712	10,986,384
Grants and subsidies	20	0	0
General expenses	21	224,287,179	71,772,348
Finance costs	22	0	0
Total expenses		813,435,362	611,716,487
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23		0
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	-66,984,215	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		-66,984,215	0
Net Surplus / (Deficit) for the year		-39,319,167	20,129,307

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



Chairperson
Board of Management



Head of Finance
ICPAK No: 9691



Chief Executive Officer

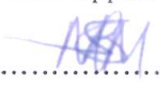
Mam Lucy Kibaki Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Statement of Financial Position			
Assets			
Current assets			
Cash and cash equivalents	27	22,996,155	73,054,079
Prepayments	28	0	0
Receivables from exchange transactions	29	203,249,782	91,371,235
Receivables from non-exchange transactions	30	0	0
Inventories	31	40,564,782.50	57,910,449
Total Current Assets		266,810,720	222,335,763
Non-current assets			
Property, plant, and equipment	32	2,369,968,003	2,349,097,433
Intangible assets	33	0	0
Investment property	34	0	0
Biological Assets	35	0	0
Total Non-current Assets		2,369,968,003	2,349,097,433
Total assets (A)		2,636,778,723	2,571,433,196
Liabilities			
Current liabilities			
Trade and other payables	36	300,205,574	366,793,299
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		300,205,574	366,793,299
Non-current liabilities			
Trade and other payables	36	130,096,427	68,750,000
Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0
Non - Current portion of borrowings	41	0	0
Service concession Arrangements	42	0	0
Total non-current liabilities		130,096,427	68,750,000
Total Liabilities (B)		430,302,001	435,543,299
Net assets (A-B)		2,206,476,722	2,135,889,897
Represented by:			
Revaluation reserve		0	0
Accumulated surplus/Deficit		-39,319,167	20,129,307
Capital Fund		2,245,795,889	2,115,760,590
Net Assets		2,206,476,722	2,135,889,897

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


Chairman
Board of Management


Head of Finance
ICPAK No: 9691


Medical Superintendent

Mam Lucy Kibaki Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

As at July 1, 2023	0	0	2,018,323,784	2,018,323,784
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	20,129,307	0	20,129,307
Capital/Development grants	0	0	97,436,806	97,436,806
As at June 30, 2024	0	20,129,307	2,115,760,590	2,135,889,897
At July 1, 2024	0	20,129,307	2,115,760,590	2,135,889,897
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	-39,319,167	0	-39,319,167
Capital/Development grants	0	0	20,870,571	20,870,571
At June 30, 2025	0	-19,189,861	2,275,520,480	2,256,330,619

Mam Lucy Kibaki Hospital (Nairobi City County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		602,196,696	631,845,793
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts		0	0
Total Receipts		602,196,696	631,845,793
Payments			
Medical/Clinical costs		257,840,694	361,005,657
Employee costs		35,479,476	93,673,179
Board of Management Expenses		7,462,647	6,443,200
Repairs and maintenance		65,115,611	10,986,384
Grants and subsidies		0	0
General expenses		224,287,179	71,772,348
Finance costs		0	0
Refunds paid out		0	0
Total Payments		590,185,607	543,880,768
Net cash flows from operating activities	43	12,011,089	87,965,025
Cash flows from investing activities			
Purchase of property, plant, equipment		-62,069,013	-165,272,525
Purchase of intangible assets		-	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		-62,069,013	-165,272,525
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		-50,057,924	-77,307,500
Cash and cash equivalents as at 1 July 202*	27	73,054,079	73,054,079
Cash and cash equivalents as at 30 June 202*	27	22,996,155	-4,253,421

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

	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Budget carryovers from the previous year	0	0	0	0	0	%
Receipts						
Transfers from the County Government	924,000	0	924,000	0	924,000	0%
Grants from donors and development partners	0	0	0	0	0	0%
Transfers from other Government entities	0	0	0	0	0	0%
Public contributions and donations	48,262,673	0	48,262,673	0	48,262,673	0%
Rendering of services- Medical Service Income	791,673,737	0	791,673,737	602,196,696	189,477,041	76%
Revenue from rent of facilities	240,000	0	240,000	0	240,000	0%
Finance / interest income	0	0	0	0	0	0%
Miscellaneous receipts (<i>specify</i>)	0	0	0	0	0	0%
Total receipts	841,100,410	0	841,100,410	602,196,696	238,903,714	%
Payments						
Medical/Clinical costs	392,346,147	0	392,346,147	257,840,694	134,505,453	66%
Employee costs	49,474,882	0	49,474,882	35,479,476	13,995,406	72%
Remuneration of directors	6,500,000	0	6,500,000	7,462,647	-962,647	115%
Repairs and maintenance	76,733,712	0	76,733,712	65,115,611	11,618,101	85%
Property Plant and Equipment	37,023,578	0	37,023,578	62,069,013	-25,045,435	168%
Grants and subsidies	0	0	0	0	0	0%
General expenses	224,287,179	0	224,287,179	224,287,179	0	100%
Finance costs	0	0	0	0	0	0%
Refunds	0	0	0	0	0	0%
Total Operational Expenditure paid	786,365,498	0	786,365,498	652,254,620	134,110,879	83%
Capital Expenditure paid	0	0	0	0	0	0%
Surplus	54,734,912	0	54,734,912	-50,057,924	104,792,835	-91%

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Budget Reconciliation

Actual Surplus Amounts as per the statement of Budget		A
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
Closing Cash and Cash Equivalent as per the statement of Cash flows		-

19. Notes to the Financial Statements

1. General Information

Mama Lucy Kibaki Hospital is established by and derives its authority and accountability from gazette notice number 8009 and PFM Act. The entity is wholly owned by the Nairobi County Government and is domiciled in Kenya. The entity's principal activity is to serve Kenyan citizens with excellence through the provision of quality, specialised evidence-based healthcare and promotion of medical training and research.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

IPSAS 43	<p>Applicable 1st January 2025 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025 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 criteria in the standard. IPSAS 45 has 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. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p>

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	<ul style="list-style-type: none"> ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement basis called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

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<i>State the expected impact of the standard to the Entity if relevant</i>	

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

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 2025 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

- Changes in the market in relation to the asset.

Provisions

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

	2025 (KSh)	2024 (KSh)
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
Sub Total	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Sub Total	0	0
Total government grants and subsidies	0	0

6 b Transfers from The County Government

Name of the Entity	Grants received from the County Government	Grants received from the County Government	Amount received from the County Government	Total grant received during the year	Comparative Period
	(KSh)	(KSh)	(KSh)	(KSh)	(KSh)
Nairobi city County Government	0	0	0	0	0
Total	0	0	0	0	0

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

	2024 2025	2023 2024
	Kenya	Kenya
Residential property	0	0
Commercial property	240,000	0
Total Revenue from rent of facilities	240,000	0

13. Finance /Interest Income

	2024 2025	2023 2024
	Kenya	Kenya
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

	2024 2025	2023 2024
	Kenya	Kenya
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Dental costs/ materials	0.00	1,988,963.00
Laboratory chemicals and reagents	42,346,663.00	49,424,033.00
Public health activities	0.00	3,943,960.00
Food and Ration	45,137,081.00	38,196,921.00
Uniform, clothing, and linen	891,500.00	1,082,050.00
Dressing and Non-Pharmaceuticals	107,544,201.50	138,058,125.00
Pharmaceutical supplies	98,429,698.80	80,472,011.00
Health information stationery	13,479,445.00	8,967,648.00
Reproductive health materials	-	-
Sanitary and cleansing Materials	41,900,474.00	10,627,140.00
Medical Equipment related items	4,747,500.00	3,734,425.00
Purchase of Medical gases	11,470,460.00	1,883,600.00
X-Ray/Radiology supplies	24,671,794.00	14,060,716.00
Other medical related clinical costs (<i>specify</i>)	-	8,566,065.00
orthopedic technology	1,313,340.00	
specialized materials	413,990.00	
Total medical/ clinical costs	392,346,147.30	361,005,657.00

16. Employee Costs

Salaries, wages, and allowances	41,976,331	93,673,179
Contributions to pension schemes	0	-
Service gratuity	0	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	446,398	-
Other employee costs	7,052,153	-
Employee costs	49,474,882	93,673,179

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

	2024-2025	2023-2024
Chairman's Honoraria	0	0
Sitting allowance	1,820,000	2,247,900
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	4,680,000	4,195,300
Airtime allowances	0	0
Total	6,500,000	6,443,200

18. Depreciation and Amortization Expense

	2024-2025	2023-2024
Property, plant and equipment	64,093,442	67,835,719
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	64,093,442	67,835,719

19. Repairs And Maintenance

	2024-2025	2023-2024
Property- Buildings	28,850,164	3,073,720
Medical equipment	46,789,548	1,658,549
Office equipment	0	220,900
Furniture and fittings	0	170,430
Computers and accessories	0	1,283,000
Motor vehicle expenses	1,094,000	874,800
Maintenance of civil works	0	3,704,985
Total repairs and maintenance	76,733,712	10,986,384

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies	0	0
Total grants and subsidies	0	0

21. General Expenses

Advertising and publicity expenses	1,816,100.00	1,360,100
Catering expenses	5,987,350.00	3,071,697
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	322,752.00	353,780
Conferences and delegations	13,690,990.00	-
Consultancy fees	106,162,269.00	-
Contracted services	14,070,248.20	6,932,854
Electricity expenses	0.00	-
Fuel and Lubricants	9,025,000.00	7,480,000
Insurance	-	-
Health Sector Service Fund	-	5,246,132
Research and development expenses	1,500,000.00	-
Travel and accommodation allowance	28,066,944.00	7,180,015
Legal expenses	200,000.00	-
Licenses and permits	450,000.00	-
Courier and postal services	-	-
Printing and stationery	22,667,460.00	14,307,673
Hire charges	0.00	-
Rent expenses	-	-
Water and sewerage costs	-	-
Skills development levies	-	-
Telephone and mobile phone services	2,377,620.00	2,653,692
Internet expenses	1,476,636.00	1,018,248
Staff training and development	8,637,703.34	11,805,260
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical,	-	-
Magazines, and gazette notices	-	-

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Purchase of ICT /Computers related items	3,304,171.00	150,000
Purchase of other fuel	4,273,000.00	6,766,000
Library books/Materials	-	-
Parking charges	258,935.00	-
Other costs	0.00	3,446,897
Total General Expenses	224,287,178.54	71,772,348.00

22. Finance Costs

	2024-2025	2023-2024
	KSh	KSh
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

	2024-2025	2023-2024
	KSh	KSh
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

	2024-2025	2023-2024
	KSh	KSh
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

	2024	2023
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Public donations and contributions	1,242,238	0
Waivers and Exemptions	65,741,977	-
Total Gain/Loss	66,984,215	0

26. Impairment Loss

	2024	2023
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

	2024	2023
Current accounts	22,996,155	73,054,079
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others- Mobile money	0	0
Total cash and cash equivalents	22,996,155	73,054,079

Notes to the Financial Statements (Continued)
27 (a). Detailed Analysis of Cash and Cash Equivalents

		2024	2023
a) Current account			
Kenya Commercial bank	1133233864	5,124,754	73,054,079
Equity Bank, etc	0650285835170	17,871,401	0
Sub- total		22,996,155	73,054,079
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			0
Bank Name		0	0
Sub- total		0	0
d) Others			0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		22,996,155	73,054,079

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

	2024	2023
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

29. Receivables From Exchange Transactions

	2024-2025	2023-2024
Medical services receivables	123,495,064	91,371,235
Rent receivables	240,000.00	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	123,735,064	91,371,235

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

	Current FY	% of the total	Comparative	% of the
			FY	total
Less than 1 year	123,735,064	61%	91,371,235	100%
Between 1- 2 years	79,514,718	39%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	203,249,782	100%	91,371,235	100%

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture & fixtures	Office Equipments		Medical equipment		Total
					25%	10%	Ksh	Ksh	
Capital allowance rate		2%	25%	10%	25%				
Cost	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
As at July 2021	2,010,000,000	84,771,785	38,500,000	11,440,597	13,839,547	203,330,284		2,361,882,213	
Add: on	-	6,219,128	-	2,957,200	1,425,500	3,988,650		14,590,478	
Sub Total	2,010,000,000	90,990,913	38,500,000	14,397,797	15,265,047	207,318,934		2,376,472,691	
Deprecia on	-	1,819,818	9,625,000	1,439,780	3,816,262	103,659,467		120,360,327	
As at 30th June 2022	2,010,000,000	89,171,094	28,875,000	12,958,017	11,448,785	103,659,467		2,256,112,364	
As at July 2022	2,010,000,000	89,171,094	28,875,000	12,958,017	11,448,785	103,659,467		2,256,112,364	
Add: on	-	9,329,313	-	2,230,900	1,364,748	29,932,268		42,857,229	
Sub Total	2,010,000,000	98,500,408	28,875,000	15,188,917	12,813,533	133,591,735		2,298,969,593	
Deprecia on	-	1,970,008	7,218,750	1,518,892	3,203,383	33,397,934		47,308,967	
As at 30th June 2023	2,010,000,000	96,530,399	21,656,250	13,670,026	9,610,150	100,193,801		2,251,660,626	
As at 1 July 2023	2,010,000,000	96,530,399	21,656,250	13,670,026	9,610,150	100,193,801		2,251,660,626	
Add: on	-	38,877,389	-	4,688,493	8,271,995	113,434,648		165,272,525	
Sub Total	2,010,000,000	135,407,788	21,656,250	18,358,519	17,882,145	213,628,449		2,416,933,151	
Deprecia on	-	2,708,156	5,414,063	1,835,852	4,470,536	53,407,112		67,835,719	
As at 30th Jun 2024	2,010,000,000	132,699,633	16,242,188	16,522,667	13,411,609	160,221,337		2,349,097,433	
As at 1 July 2024	2,010,000,000	132,699,633	16,242,188	16,522,667	13,411,609	160,221,337		2,349,097,433	
Add: on	-	24,638,604	-	726,400	2,114,950	57,484,059		84,964,013	
Sub Total	2,010,000,000	157,338,237	16,242,188	17,249,067	15,526,559	217,705,396		2,434,061,446	
Deprecia on	-	-	4,060,547	1,724,907	3,881,640	54,426,349		64,093,442	
As at 30th Jun 2025	2,010,000,000	157,338,237	12,181,641	15,524,160	11,644,919	163,279,047		2,369,968,003	

Notes to the Financial Statements (Continued)
33. Intangible Assets-Software

Cost	0	0
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34. Investment Property

At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation	0	0
Impairment	0	0
At end of the year	0	0

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Notes to the Financial Statements (Continued)

35. Biological Assets

	2024-2025	2023-2024
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

36. Trade and other Payables

	2024-2025		2023-2024	
Short Term Trade payables	270,526,433		298,043,299	
Employee dues	28,457,419		0	
Third-party payments	1,221,722		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total Short term trade and other payables	300,205,574		298,043,299	
Long Term Trade Payables	44,625,000		68,750,000	
Grand Total trade and other payables	344,830,574		366,793,299	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	300,205,574	70%	298,043,299	81%
1-2 years	130,096,427	30%	68,750,000	19%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	430,302,001	100%	366,793,299	100%

37. Refundable Deposits from Customers/Patients

	2024-2025		2023-2024	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others	0		0	
Total deposits	0		0	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	0	0	0	0
1-2 years	0	0	0	0

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2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total	0	0	0	0

38. Provisions

Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

40. Deferred Income

Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

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

	Nairobi Government	Capital Account	Public Account	Other
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers	0	0	0	0
Balance C/F	0	0	0	0

41. Borrowings

	2024-2025	2023-2024
	KSh.	KSh.
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

	2024-2025	2023-2024
	KSh.	KSh.
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	<u>0</u>	<u>0</u>

43. Cash Generated from Operations

Surplus for the year before tax	-39,319,167	20,129,307
Adjusted for:		
Depreciation	64,093,442	67,835,719
Non-cash grants received	- 147,298	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Adjusted Surplus for the year before tax	24,626,977	87,965,025
Working Capital adjustments		
Increase in inventory	17,345,667	-3,230,999
Increase in receivables	-32,123,829	-88,688,270
Increase in deferred income		0
Increase in payables	2,162,275	233,954,387
Increase in payments received in advance	0	0
Net cash flow from operating activities	12,011,089	230,000,143

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

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

	2024	2025	2024	2025
	000	000	000	000
At 30 June 2024				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2025				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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

Notes to the Financial Statements (Continued)

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

	Less than 12 months	12 months to 24 months	Over 24 months	Total
At 30 June 2024				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2025				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

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

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Notes to the Financial Statements (Continued)

	2024	2023	2022
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

	Change in exchange rate	Effect on Profit	Effect on Equity
2024			
Euro	10%	0	0
USD	10%	0	0
2025			
Euro	10%	0	0
USD	10%	0	0

Kenya Shilling appreciated with all other variables held constant.

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.

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (excess cash and cash equivalents)	0	0
Gearing	xx%	xx%

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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.

xxx 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

Transactions with related parties		
a) Services offered to related parties		
Services to related parties	0	0
Sales of services to related parties	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for related party employees	0	0
Payments for goods and services for related party	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Super	0	0
Compensation to key management	0	0
Total	0	0

46. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or

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department to enable users understand the entity's performance and allocation of resources to different segments)

47. Contingent Liabilities

Contingent Liabilities	2024-2025	2023-2024
		Ksh
Court cases against the Mama Lucy Kibaki Hospital	6,050,000	6,500,000
Bank Guarantees in favour of subsidiary	-	-
Total		6,500,000

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
		Ksh
Authorised For	-	-
Authorised And Contracted For	-	4,965,540.00
Total	-	4,965,540.00

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 Nairobi City.

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MLKH/FIN/5/5(1) - Incomplete/incorrect cash book	Cash book variances had not been explained nor reconciled. Unexplained gaps in between transactions, payments refund were not posted.	The variance was occasioned by the recollated items not being carried down from bank reconciliation analysis. Payments refunds are done using the mpesa platform which has various administrative structure to ensure accountability. Printout from mpesa generated system have not been availed despite complaints. cashbook posted but no narration have been noted and steps taken to ensure that they're brought down in the future.	Resolved	Immediately
MLKH/FIN/5/5(2) - discrepancies between revenue collected and banked	Hospital check health information systems record differed with the bank with Ksh.6,729,614	The difference between the bank and the hospital check health information systems record is as a result of payments refund, double recording. The hospital has reached out to safaricom to get printouts on the matter.		
MLKH/FIN/5/5(3) - Lack of fixed asset register	Lack of fixed assets register or record showing cost value and time when they were procured	Fixed assets register has updated	Resolved	Immediately
MLKH/FIN/5/5(4) - irregular engagement of casuals, clinician and anaesthetists.	Requisition from the user departments and approvals for hiring were not availed	Increased workload due to increased number of patients. Delays in recruitment from the public service board	Resolved	Immediately
MLKH/FIN/5/5(5) - pending bills.	Pending bills amounting to Ksh.145,565,798 as at 30/06/2020	Pending bills are as a result of inadequate funds since the hospital operates using FIFO internally collected by the facility. Additional funds from the Nairobi County government can help resolve the issue.		
MLKH/FIN/5/5(6) - Failure to deduct and remit 5% withholding	Withholding tax was not remitted to KRA for clinicians, nurses and medical officers	The hospital is in the process of registering with KRA as an agent to submit with holding tax on behalf of the employees.		

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tax				
MLKH/FIN/5/5(7) - Unaccounted fuel	Lack a detailed detail order for re amounting to Ksh. 1,000,000	Details on consumption of fuel is detailed in the detail order and fuel statement	Resolved	Immediately
MLKH/FIN/5/5(8) - Unaccounted for oxygen	There were no requisitions from the user department, re-order level not determined and requisitions from the supplier	Quarterly consumption of oxygen rate is captured by the nursing department who raises the requisition which is forwarded to accounts for funds approval then to the medical superintendent who is the AIE holder for approval. The approved requisition is then marked to the procurement where an LPO is raised	Resolved	

Guidance Notes:

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

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Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project/ Sno	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Completed in the financial state (Yes/No)
1	Construction of cancer centre	BD Africa	6 months	2,500,000.00		NO
3	CHS/MLKH/RFP/ 001/2022-2023 - Request for proposal to design,finance,construct,operate and transfer canteen at MLKH	Kenycons supplies and construction company limited	3 Years			NO

Status of Projects completion

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

Sno	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual
1	Mechanical works and installation for extended dental unit	4,965,540.00	3,173,817.00	64%	4,965,540.00	3,173,817.00
2	Construction of renal unit	703,000.00	703,000.00	100%	703,000.00	703,000.00
3	Construction works at ENT and dental laboratory	2,822,800.00	2,822,800.00	100%	2,822,800.00	2,822,800.00
4	Construction of accident and emergency (additional work)	1,158,280.00	1,158,280.00	100%	1,158,280.00	1,158,280.00
5	Construction of accident and emergency	4,720,280.00	4,720,280.00	100%	4,720,280.00	4,720,280.00

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [insert name of beneficiary Entity] as at 30 th June (Current Y.)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
Total	0	0	0	0	

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Start of Q1 2024	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix V: Disaster Expenditure Reporting Template

Programme	Category of Disasters/Disaster Response/Relief Activities	Sub-category of Disasters/Disaster Response/Relief Activities	Expenditure (KSh)	Percentage (%)