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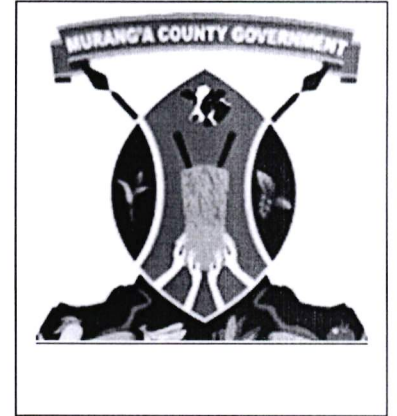
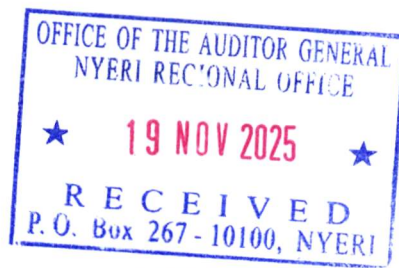
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KANGEMA SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MURANG'A

257



Kangema Sub-County Hospital (Muranga County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in Kangema Subcounty Hospital.
NASCOP	National Aids and STIs control program
CCC	Comprehensive Chest Clinic
MCRF	Murang'a County Revenue fund Account
The hospital	Kangema sub-county hospital
HAO	Health Administrative Officer
I/C	In Charge
MOH	Ministry of Health
KEMSA	Kenya Medical Supplies Authority
MEDs	Medicine
HPTs	Health Products and Technologies
DANIDA	Danish International Development Agency
MYS	Murang'a Youth Servicer

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2. Key Entity Information and Management

Kangema Sub-county Hospital Information and Management

(a) Background information

Kangema Sub-County Hospital is a level (4) hospital established under gazette notice and is domiciled in Murang'a County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the kangema hospital is to offer comprehensive curative, preventive, promotive and rehabilitative health services.

Vision of the hospital

An efficient health care delivery system that will provide affordable, holistic and quality service in Murang'a County.

Mission of the hospital

Establish a high motivated equipped and appropriately resourced workforce capable of providing high quality preventive, promotion curative and rehabilitative health care service which are accessible, affordable and efficient to Murang'a residents.

(c) Key Management

Kangema Sub-County Hospital management is under the following key organs:

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr, Karen mwangi
2.	Health Administrative officer	Lucy Ndirangu
3.	Nursing officer I/C	Alice Maina
4.	Head of Finance	Cyrus Nderitu Kiiru
5.	Head of supply chain	Judy Ngari

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees
- Internal audit

Kangema Sub-county Hospital Information and Management (continued)

(a) Kangema Sub-county Hospital Headquarters

P.O. Box 116 – 10202 Kangema
Kangema Town
Murang'a -kangema Highway
KENYA

(b) Kangema Sub-county Hospital Contacts

Telephone: (+254) 799669861
E-mail: kangemasubhosp@gmail.com
Website: www.go.ke

(c) Kangema Subcounty Hospital Bankers

Kenya Commercial Bank
Muranga Branch
OPERATIONS ACCOUNT-1310135568
FIF ACCOUNT-1324434619

(d) Independent Auditors

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

(e) Principal Legal Adviser




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

(f) County Attorney

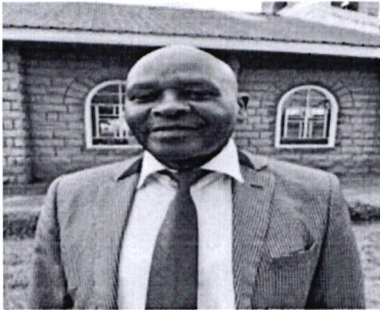

P.O. Box. 52-10200
Murang'a, Kenya

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3. The Board of Management

Ref	Directors	Details
1.	 Mr. Charles Kimani	Board Chairman BORN:1970.AGE:55 YEARS Board Chairman Educational background: 1979-1987: Kiawambogo Primary 1988-1991: Kiawambogo secondary school 1998-2001: Diploma in theology Professional experience Board chairman, Kiawambogo primary Reverend, Full Gospel Church of Kenya, ichichi, Location
2.	 Mr. Joel Maingi Kiriba	Board Member BORN:1966, AGE:58 YEARS PWD REP Educational Experience Muguru Primary School Muguru Secondary School Professional Experience Self-employed
3	 Mr.Duncan Irungu Maina	NGO Representative Born:1992,AGE 32 YEARS OLD Educational background: 2014: Diploma in Purchasing and Supply Chain Management, Dedan Kimathi University, 2012: Computer Packages, Dedan Kimathi University 2011: Kenya Certificate of Secondary Education, Kanorero Secondary School, 2006: Kenya Certificate of Primary Education, Watuha Primary School, Work Experience 2024: Research Assistant; Kenya national bureau of statistics 2020: Sales Agent; Madison Insurance Company, 2019: Enumerator; Kenya National Bureau of statistics, 2019: Zonal Officer; Kahuti Water and Sanitation Company, Procurement Assistant; 2014: Kahuti Water and Sanitation Company,


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<p>4</p>	 <p>Felix Maina Mbuthia</p>	<p>Church Representative/Board member Church Representative/Board member BORN:1960,AGE:65 YEARS P1 Certificate, Machakos TTC, EACE Division 3, Kirogo boys CPE, Kiairathe Primary Professional Courses: Teachers Proficiency Course (2012), Smase Primary Regional Inset (2011) Kcpe Senior Examiners Training (2000) Primary School H/T Management Course (2007) CFBT School & Community Health Training 2006 Guidance & Counselling Training 2004 Choir Training & Adjudication Professional Experience: (2023- Date) ACK St Peters Muguru Head Teacher (2021 – 2023) Ack St. Stephens Njumbi Head Teacher (2008 – 2020) Kangema Primary School Head Teacher (2004 – 2008) Kagumoini Primary School Head Teacher (2000 – 2003)Kiangunti Primary School Head Teacher (1997 – 2000) Kiatrathe Primary School Dep. Head Teacher (1993 – 1997) Gitte Primary School Dep. Head Teacher 1(1982 – 1992) Minuti Primary School Ass. Teacher (2000 - 2022)KNEC</p>
<p>5</p>	 <p>Humphrey Macharia Mwangi</p>	<p>Financial Expert/Board Member Financial Expert BORN:1990,AGE:35 YEARS Educational Experience: 2018-present: Master of Science: Business and Commerce (accounting & finance KCA University – Nairobi 2010-2015: Current BSC. Eco-tourism Hotel & Institution Management: Institution Management Maseno University - Kisumu, 17 Second Class Upper 2009-2014 Professional – CPA (Certified Public Accountants) CPA graduate KCA University - Nairobi 2005-2008: Secondary Education (KCSE): Secondary Education Kiaguthu Boys High School - Kenya 1997-2004 Primary School Kenya Certificate of Primary: Primary Education Kangema Primary School – Muranga Professional Experience 2020-Present: Accountant, kenagro Suppliers Limited 2019-202: accountant, Lord Errol Hotel Ltd, nairobi 2018-2019: Assistant Cost Controller, Tribe Hotel Group Limited, nairobi 2016-2017, Assistant Accountant, Blue Post (Silver Holdings Limited, Thika) 2015: Accounts Intern, Tribe Hotel limited, Nairobi</p>

Kangema Sub-County Hospital (Murang'a County Government)
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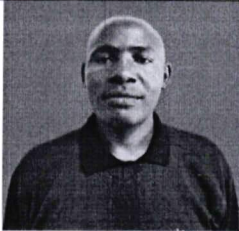

6	 Dr. Karen Mwangi	<p>Medical Superintendent/Secretary to Board BORN:1986 , AGE:39 YEARS Bachelor of Medicine and Bachelor of Surgery, University of Nairobi Senior Management Course, Kenya School of Government Medical Officer Intern: Mater Hospital Medical Officer: Mater Hospital & Murang'a County Government Medical Superintendent, Kangema Sub-county Hospital</p>
7	 Mr. Hilary Thuo Gacanju	<p>Medic/Board Member Medic BORN:1969,AGE:56 YEARS Educational background 1975-1981: Ngutu primary 1982_1983: St.Pauls Seminary -Nyeri 1984_1985: Karatina sec 1989-1992: KMTC -NBI, diploma in Pharmacy 1989_1992. Work. 1993-1995: Transzoia District hospital. 1996-2004Glory pharmacy Eld Silverline chemists (proprietor) 2005: Elected organizing secretary ODM party murang'a county. Worked as committee member Vitale school makueni. Chairman CMA Ngutu Catholic church. Appointed Board members Kangema level 4 hospital (see below)</p>
8	 M/s Jane Macharia	<p>Board Member Women's rep BORN 1983, AGE:42 YEARS Educational Experience 2007: Eucalyptus Computer college Certificate in Computer packages 1998 – 1999: CHUKA UNIVERSITY Certificate in Business management and administration. 1995 – 1998: KIANGUNYI GIRLS HIGH SCHOOL Kenya Certificate of secondary education KCSE 1985-1993: GITWEKU PRIMARY SCHOOL Kenya certificate of primary education KCPE Work Experience March 2001 – 2003: Zone holdings and investments ltd Worked as a sales lady March 2010 - 2014 Kenafric bakeries ltd Worked as a sales person March 2010 - 2014 Devkan company ltd Worked as a front office staff</p>

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9	 M/s Gladwel Wanjiru	<p>CEC/Rep BORN:1988,AGE:37 YEARS Education 2005: Muguru Primary Schol 2009: Watuha Secondary School 2014: Kisii university: Bachelor's degree Purchasing and Supplies Management Work Experience: Accounts Clerk, ASPENDOS dairy LTD</p>
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Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

4. Key Management Team

Ref	Management	Details
1.	 Dr Karen Mwangi	Medical Superintendent/Secretary to Board <ul style="list-style-type: none"> ◆ Infrastructure development and maintainance. ◆ Financial management and sustainability. ◆ Strategic planning and annual work plan. ◆ Quality assurance
2.	 M/s Lucy Ndirangu	Health Administrative Officer <u>RESPONSIBILITY</u> <ul style="list-style-type: none"> ◆ Transport management ◆ Provision of utilities ◆ Quality assurance ◆ Occupation safety and security ◆ Financial management and sustainability
3.	 M/s Margret Wanjeri	Nursing Officer I/C <u>RESPONSIBILITY</u> <ul style="list-style-type: none"> ◆ leadership and governance ◆ Quality assurance ◆ Capacity building and carrer development
4.	 Cyrus Nderitu Kiiru	<u>Accountant</u> <u>RESPONSIBILITY</u> Revenue and payables management Cash and asset management <ul style="list-style-type: none"> ◆ Financial report and workplan
5.	 M/s Judy Ngari	<u>Procurement</u> <u>RESPONSIBILITY</u> <ul style="list-style-type: none"> ◆ Inventory management ◆ Procurement of goods and services

5. Chairman's Statement

Under the leadership of the Board of Management and its Chairman, Kangema Sub-county Hospital has demonstrated exemplary governance structures and strategic oversight during the financial year 2024/2025. Working together, the County Government of Murang'a, the Board of Management and the Hospital's administration Kangema Sub-county Hospital has undergone a transformative period marked by the implementation of the Facilities Improvement Financing Act, 2023, and the Social Health Insurance Act, 2023. Through systematic oversight mechanisms, the Board ensured comprehensive compliance with statutory requirements while maintaining operational excellence in service delivery.

The Board's strategic vision has been instrumental in establishing robust accountability frameworks that align with Section 139 of the Public Finance Management Act, 2012. Under the Chairman's leadership, the institution implemented comprehensive asset management procedures, including complete asset registers, monthly stock verification across all departments, and proper documentation of asset disposal procedures. This systematic approach to asset stewardship represents a significant milestone in the facility's governance journey, establishing precedent for accountability standards that exceed previous operational frameworks.

The Board of Management has consistently overseen the optimal utilization of public resources through strategic procurement planning and transparent banking procedures. Under the Board's guidance, management successfully formulated independent budgets and procurement plans in accordance with the Facilities Improvement Financing Act, 2023, while maintaining compliance with Public Procurement and Asset Disposal Act requirements. The Board's oversight ensured timely processing of supplier payments, effectively clearing majority of pending bills from previous financial years and maintaining positive supplier relationships essential for service continuity.

Revenue optimization initiatives under Board oversight have positioned the facility strategically within Kenya's evolving health financing landscape. The successful integration with Social Health Authority systems, coupled with proactive staff training programs on billing procedures, demonstrates the Board's forward-thinking approach to financial sustainability. Through systematic oversight of Facility Improvement Fund accounts and regular reconciliation procedures, the Board has maintained full accountability for public funds while maximizing legitimate revenue recovery opportunities.

The Board's commitment to service excellence is evidenced through the establishment of comprehensive patient experience management systems. The members of the board have been a pillar in the relationship between the hospital and the community. Under the Chairman's leadership, the institution pioneered complaint resolution mechanisms with prominently displayed hospital contact information across all departments, demonstrating effective governance structures and commitment to transparency. The development of updated service delivery charters reflects the Board's adaptability and responsiveness to contemporary healthcare delivery standards.

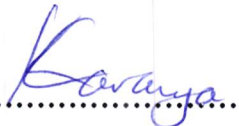
The Board's leadership during the Universal Healthcare Services staff industrial action, which commenced on March 7, 2025, exemplifies effective crisis management and commitment to uninterrupted service delivery. Through strategic coordination with the community and the

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County Management, the Board successfully negotiated the fast tracking of a locum policy to address critical staffing gaps. This proactive response ensured continuous patient care while the Board continues to advocate for permanent staffing solutions.

Under Board oversight, the facility maintains exemplary compliance with health sector regulations through proper SHA integration, systematic licensing procedures, and comprehensive staff training on insurance procedures. The Board's commitment to regulatory excellence is demonstrated through the reporting systems and systematic procurement planning that ensures transparency and accountability in public resource management.

The Kangema Sub-county Hospital Board of Management, under exemplary Chairman leadership, has achieved remarkable progress in governance excellence, financial stewardship, and service delivery optimization during FY 2024/2025. The comprehensive systems established for asset management, revenue optimization, and regulatory compliance demonstrate responsible stewardship of public resources and unwavering commitment to transparency. The Board's strategic response to operational challenges, including workforce continuity and infrastructure maintenance requirements, has ensured uninterrupted service delivery while developing sustainable long-term solutions that position the facility for continued excellence in public healthcare delivery.


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Name: Charles Kimani

Chairman to the Board

6. Report of The Medical Superintendent

EXECUTIVE SUMMARY

The financial year 2024/2025 has provided opportunities for strategic improvement initiatives for enhanced service delivery and financial efficiency. We are grateful to the Executive, County Management, our supervisors in the department of health, our wonderful staff, the valued clients and all stakeholders for the strides that have been realized in this financial year. Our focus especially has been building a culture of commitment to accountability through comprehensive asset management systems, systematic revenue optimization, and responsive service delivery mechanisms. We are looking forward to opportunities for further strengthening operational efficiency and long-term sustainability through strategic planning initiatives already under development in the upcoming financial year.

FINANCIAL STEWARDSHIP AND ACCOUNTABILITY MEASURES

Establishment of Robust Control Systems

Comprehensive Asset Management Framework

Before the establishment of the Facilities Improvement Financing Act, 2023, the responsibility of asset management fell on the managers of the health department. It is in this financial year that departmental asset registers, stock verification, and monthly stock takes became a key performance indicator for all heads of departments. Kangema Sub-county Hospital has implemented systematic asset management procedures including complete asset registers, monthly stock verification across all departments, and proper documentation of asset disposal procedures in spite of several hitches, a first for the hospital. These measures are attempts to ensure full accountability for public resources and compliance with Section 139 of the Public Finance Management Act, 2012.

The facility has made great strides in attempts at rigorous inventory controls for pharmaceuticals, non-pharmaceutical supplies, and kitchen operations, demonstrating management's commitment to preventing wastage and ensuring optimal resource utilization.

Procurement and Financial Controls

As per the Facilities Improvement Financing Act, 2023, Kangema Sub-county Hospital continues to formulate its own budget, procurement plan, requisitions for items and payment of suppliers. Payment procedures follow proper authorization chains with timely processing, ensuring compliance with Public Procurement and Asset Disposal Act requirements while maintaining positive supplier relationships essential for service continuity. Majority of the pending bills were successfully paid in the last financial year.

Management maintains transparent banking procedures with regular reconciliation of all revenue accounts, including Facility Improvement Fund (FIF) accounts, ensuring full accountability for public funds.

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Revenue Optimization

It is in this financial year when the Social Health Insurance Act, 2023 came into force. In spite of the initial teething problems, Kangema Sub-county Hospital makes claims through the Primary Healthcare Fund and the Social Health Insurance Fund. Kangema Sub-county Hospital was able to proactively position itself within Kenya's evolving health financing landscape through successful integration with Social Health Authority (SHA) systems. Staff training programs on billing systems, particularly Jubilee covers, demonstrate forward-thinking approaches to maximizing legitimate revenue recovery while ensuring compliance with health financing regulations.

Operational Challenges

Workforce Continuity Management

This financial year has brought an unprecedented challenge in the continuity of medical services in terms of the Universal Healthcare Services staff industrial action. Starting on 07/March/2025, the strike adversely affected the hospital with the worst department being the dispensing pharmacy. Eight (8) staff at Kangema Sub-county Hospital are employed under the UHC scheme in the health records (1), dispensing pharmacy (3), nutrition (2), occupational therapy (1), physiotherapy (1),

Recognizing the critical importance of uninterrupted medical services, the management of the department of Health in Murang'a County has established locum deployment systems to address temporary staffing gaps in the most critical patient departments to enable the meeting of the urgent health needs of the community. While this approach ensures service continuity for patients, the management of Kangema Sub-county Hospital continues to lobby for the posting of additional staff to the facility to meet the staffing gaps.

Infrastructure Maintenance

Kangema Sub-county Hospital was established in the last century possibly as a dispensary which has then risen through the ranks including with infrastructure. Records of patients in Kangema Sub-county Hospital demonstrate operations going as far back as the 1960s. Infrastructure challenges are therefore commonplace at Kangema Sub-county Hospital as some of the infrastructure has been overtaken by advances in technology and regulations. Immediate and emergent infrastructure issues usually demand immediate resolution which some problems predating the current political and hospital administrations such as lighting in the and restoration of CCTV have also had to be addressed. Discussions for preventive maintenance planning to reduce future emergency interventions and optimize long-term asset management are slated to be achieved in the next financial year.

SERVICE DELIVERY AND INNOVATION

Patient-Centered Service

Customer Experience Enhancement

The feeling of being unheard for clients patronizing public facilities is a known experience for majority of public service clients. For this reason, Kangema Sub-county Hospital has pioneered patient experience management through establishment of comprehensive complaint resolution

systems with prominently displayed contact information across all departments. The systematic cascading of complaint resolution to departmental heads demonstrates effective governance structures and commitment to continuous service improvement.

The development of updated service delivery charters reflecting contemporary healthcare practices shows management's adaptability and commitment to meeting evolving patient expectations.

The establishment of customer feedback mechanisms and complaint resolution systems demonstrates management's commitment to public accountability and transparency in service delivery.

Preventive Healthcare

In this financial year, Kangema Sub-county Hospital has strategically expanded services beyond basic curative care through implementation of screening programs and re-establishment of biochemistry laboratory services. This approach aligns with national health policy priorities that potentially reduces long-term treatment costs for patients and the health system.

Professional Development Investment

Kangema Subcounty Hospital maintains active in knowledge development and management of staff. Continuing medical education programs (CMEs) with weekly on-site sessions and systematic support for external training opportunities continue. This investment in human capital development reflects the understanding that staff competency directly impacts patient outcomes and service quality.

COMPLIANCE EXCELLENCE AND GOVERNANCE

Regulatory Compliance

Public Finance Management Compliance

Management has established comprehensive systems ensuring full compliance with PFM Act requirements including proper budget preparation, asset management, and accounting procedures. Regular quarterly reporting and systematic procurement planning demonstrate commitment to transparency and accountability in public resource management.

Health Sector Regulatory Adherence

The facility maintains full compliance with health financing regulations through proper SHA integration, licensure of hospital and staff, systematic revenue reporting, and staff training on insurance procedures. These measures ensure optimal revenue recovery while maintaining regulatory compliance.

Academic Partnership Development

Kangema Sub-county Hospital actively supports medical education through reception of students, interns, and volunteers contributing to Kenya's healthcare workforce development while enhancing the facility's clinical capacity. Current initiatives to formalize these partnerships demonstrate strategic thinking about mutual benefit arrangements.

CONTINUOUS IMPROVEMENT

Quality Assurance Enhancement

Management commits to strengthening quality assurance frameworks through systematic clinical audit programs Maternal and perinatal death surveillance and response (MPDSR) outcome monitoring, and benchmarking against similar Level 4 hospitals to ensure optimal service delivery standards.

Risk Management Framework Implementation

Recognizing the importance of proactive risk management, the facility is developing comprehensive risk assessment and mitigation procedures covering operational, financial, and clinical risks to enhance service reliability and accountability.

Technology and Innovation Integration

Management is exploring opportunities for technology enhancement to improve operational efficiency, data management, and service delivery quality while ensuring compliance with digital health initiatives.

CONCLUSION

Kangema Sub-county Hospital has made great strides in financial stewardship and commitment to service excellence. The comprehensive systems established for asset management, revenue optimization, and compliance demonstrate efforts at responsible stewardship of public resources and commitment to accountability.

The response of the executive of Murang'a County, the management in the Department of Health as well as that of Kangema Sub-county Hospital to operational challenges, including workforce continuity and infrastructure maintenance, has ensured uninterrupted service delivery while developing sustainable long-term solutions. The strategic initiatives underway for workforce planning, preventive maintenance, and performance monitoring position the facility for continued improvement and enhanced value delivery to the public.

The facility's achievements in patient experience management, preventive healthcare expansion, and professional development reflect forward-thinking leadership aligned with national health policy objectives and modern healthcare delivery standards.



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Name : Dr. KAREN MWANGI

Medical Superintendent

7. Statement of Performance Against Predetermined Objectives

Kangema Level IV Hospital has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Health Service Delivery

Pillar/theme/issue 2: Health Workforce

Pillar/theme/issue 3: Health Information

Pillar/theme/issue 4: Essential Medicines and technologies

Pillar/theme/issue 5: Health Financing

Pillar/theme/issue 6: Leadership and Governance

The Hospital develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Health Service Delivery	To ensure quality, safety and accessibility to good service delivery	-introduction of handing over books -MPDSR and CMEs -Operationalize dental department	-requisition of handing over books -supervision of handing over books -execution of MPDSR and CME meetings -requisition of dental surgeon or community oral health officer	-Handing over books available in all departments -MPDSR and CMEs continuing -Dental operations resumed
Pillar/ theme/ issue 2: Health Workforce	Pillar/ theme/ issue 2: To ensure adherence to rota to prevent gaps	-Reduced absenteeism	-handing over books -show cause letters for staff who are tardy -increased staffing during daytimes to avoid gaps during	- handing over books operationalized -show cause letters issued -increased staffing during daytime

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	in service delivery		breaks	
Pillar/ theme/ issue 3. Health Information	Launch, use and adherence to HMIS	All patients processed through HMIS	- All staff trained on HMIS -Constant supervision of patients in the hospital and staff concerning HMIS use	All patients processed through HMIS
Pillar/ theme/ issue 4. Essential Medicines and technologies	To ensure timely provision of essential medical products, vaccine, and technologies that are safe, effective, and cost-effective	-Timely requisition of HPTS	-training of staff on the use of supplier.muranga.go.ke	-HPT orders placed in e-procurement portal. -All departmental in-charges conversant with e-procurement portal. i.e creating requisitions.
Pillar/ theme/ issue 5. Health Financing	To mobilize and accumulate revenue to ensure affordable access to care for all.	-reduction of waivers -match the pricing of services to that of other hospitals in Murang'a County -Reduce fraud	-Waiver committee introduced -All the prices of services adjusted to par with those of other hospitals in Murang'a County -Manual redundancies for cash and NHIF transactions	-All waivers passed through the waiver committee - All the prices of services adjusted to par with those of other hospitals in Murang'a County Manual redundancies for cash and NHIF

Kangema Sub-County Hospital (Murang'a County Government)
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				transactions
Pillar/ theme/ issue 6. Leadership and Governance	Running and Supervision of committees for compliance and conformity to national and county standards and objectives.	- launch of committees	- Hospital board meetings, HMT meeting, IPC meeting held.	Hospital board meetings, HMT meeting, IPC meeting held.

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8. Corporate Governance Statement

During the year 2024/2025, four meetings were held by the board of Kangema Sub-county Hospital. The board came into effect in June 20th, 2023. In the first quarter all the members of the Kangema Sub-county Hospital Board attended the meeting. However, the second quarter, only four out of 8 members attended and participated in the meeting. In the third quarter and fourth quarters, seven out of eight members of the Kangema sub-county Hospital Board participated in the meetings.

The process of appointment and removal of a board member is done at the county level and once a member is appointed, a gazette notice is made at the Kenya Gazette. Upon appointment an induction and training were done on June 19th-20th, 2023 at Sunstar Hotel in Thika to enlighten them on their duties, ethics as well as code of conduct.

Conflict of interest rarely will it occur due hospital automation even including in areas of procurement whereby Murang'a county government has an E-procurement system that fights the challenges of a manual procurement system.

Kangema Sub-county Hospital board is well remunerated as stated in their letters of appointment, and this is done on time.

Roles and Functions of the Board

1. To oversee hospital performance improvement.
2. Participate in planning of Kangema Sub-county Hospital.
3. Mobilize resources for hospital improvement.
4. Oversee the financial operations of Kangema Sub-county Hospital
5. Ensure development of Kangema Sub-county Hospital human resource.
6. Ensure communities rights are fulfilled and their needs are adequately met.
7. Maintain a positive public image.
8. Ensure compliance with environmental regulations and standards.
9. Enhance relationships and partnerships.
10. Mitigate potential conflict of interest.
11. Risk management.
12. Regulate compliance.

9. Management Discussion and Analysis

Clinical/operational performance

- Bed capacity of Kangema Sub-county Hospital - 47
- Overall patient attendance during the year for both inpatient and outpatient -133,287
- Accident and Emergency attendance - 155
- Specialised clinic attendance - 1397
- Average length of stay for in patient - 7 days
- Bed occupancy rate - 40 .17 %
- Mortality rate - 0
- Surgical theatre utilisation (number of operations over a period of time) - 73
- Sponsorships and partnerships - LVCT
 - jacaranda
 - jhpiego

Financial performance that includes: -

- **Revenue sources,**
 Kangema Sub-county Hospital majorly gets its revenue from the following sources,
 - i) receipts from county government
 - ii) Cash from rendering services
 - iii) NHIF capitation and claims

The following is tabulation of how Kangema Sub-county Hospital has received its finances

SNO	SOURCE	AMOUNT
1	SHA	6.250,000
2	Revenue from rendering services	9,327,715
	TOTALS	15,577,715

NB: The SHA claims and capitation is usually deposited to the Muranga County Government and then deposited to the respective hospital FIF account by the county government of murang'a as per the above shown tabulation.

-Cash collection was collected using the USSD MPESA CODE which was managed by the county government and then funds disbursed to Kangema Sub-county Hospital revenue accounts. Finances disbursed by Muranga county government to kangema hospital revenue account as from 1st July 2024 upto 30th June 2025 amounting to kshs .9,327,715

Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Kangema hospital Utilisation of funds is as tabulated below:

S/NO	VOTE	AMOUNT(KSHS)
1	KPLC BILLS	766,433
2	WATER BILLS	280,000
3	BOARD ALLOWANCES	308,000
4	KRA TAX	28,155
5	FOOD STUFF	919,620
6	STATIONERIES	345,845
7	PHARMACEUTICALS	6,928,203
8	FUEL	713,062
9	CLEANSING	278,825
10	BANK CHARGES	4,590
11	NON PHARMACEUTICALS	4,303,710
12	LPG GAS	411,250
13	REPAIRS	179,080
14	TRAINING AND SEMINARS	219,200
15	HOSPITALITY	13,000
16	WAGES	95,000
17	COMPUTER ACCESSORIES	18,000
18	MOTOR VEHICLE/M.BIKE REPAIR	27,300
19	AIRTIME	2,000
20	REFUND	1,500
	TOTAL	15,842,773

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Kangema Sub-county Hospital's main mandate is provision of health services through preventive and curative services. To be able to provide this even in the foreseeable future, Kangema Sub-county Hospital got support from the county level during quarters 1 and 2, but in quarters 3 and 4 the Facility Improvement Financing law came into effect where the facility finances itself with additional support from the county government

ii) Environmental performance

As Kangema sub-county hospital waste management is dealt with regarding with its nature. Solid waste from kitchen is put in a compost pit, liquid waste is drained in a septic tank. With the help of the county government, we have Murang'a Youth Service through the initiative of Murang'a Youth Service clean the environment by slashing, sweeping and burning waste. Again, we get officers on probation join hands with MYS officers.

We get assistance from the department of Environment where it comes to matters of environmental policy

iii) Employee welfare

The employee welfare regarding hiring process is done by the Public Service Board which is situated at the county level. Skills and managing careers are done by the County Human Resource Administration Committee situated at the county level. Appraisal of employees is done at the facility but rewarding is done at the county level. We rely on the policies of the Occupational Safety and Health Act of 2007 for our safety protocols.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

To ensure responsible competition practices regarding anti-corruption, responsible political involvement, fair competition and respect for competitors, Kangema Subcounty Hospital gets support at the county level through Human Resource department and the County Public Service Board.

b) Responsible Supply chain and supplier relations

The county government of Murang'a has put in place an E-Procurement system where the procurement process for health product and technologies is regulated through. The system also ensures free and fair competition amongst the bidders which prevents corruption. Every supplier is paid within 90 days after supply of commodity.

c) Responsible marketing and advertisement

Kangema Sub-county Hospital does not do marketing nor advertising because the county government takes care of these.

d) Product stewardship

KEMSA and MEDS are the two main entities given first priority in procuring of Health Products and Technologies. KEMSA is a government Kangema Sub-county Hospital authority that ensures that all HTPs are of quality and are affordable.

v) Corporate Social Responsibility / Community Engagements

During the year, Kangema Sub-county Hospital nutrition departments officers have been educating community on matter concerning nutrition and giving them vitamin A and deworming during their outreach activities,

The HTS department have been offering counselling session to community and also issuing condoms to the community especially the reproductive age.

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of Kangema Sub-county Hospital's affairs.

Kangema Sub-county Hospital has never been audited before.

Principal activities

The principal activities of Kangema Sub-county Hospital are and continue to be provision of health care through preventive and curative services.

Results

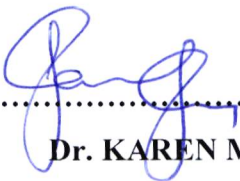
The results of Kangema Sub-county Hospital for the year ended June 30 2025 are set out on pages 1-8.

Board of Management

The members of the Board who served during the year are shown on page v. During the year, no director(s) retired/ resigned, and director (s) was appointed with effect from June 20th, 2023 date.

Auditors

The Auditor General is responsible for the statutory audit of Kangema Sub-county Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.


.....
Name **Dr. KAREN MWANGI**
Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of Kangema Sub-county Hospital's financial statements, which give a true and fair view of the state of affairs of Kangema Sub-county Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Kangema Sub-county Hospital,
- (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 Kangema Sub-county Hospital;
- (v) Selecting and applying appropriate accounting policies,
- (vi) Making accounting estimates that are reasonable in the circumstances.

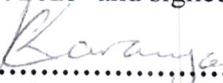
The Board of Management accepts responsibility for Kangema sub-county Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012. The Board members are of the opinion that Kangema Sub-county Hospital's financial statements give a true and fair view of the state of Kangema Sub-county Hospital's transactions during the financial year ended June 30, 2024, and of Kangema Sub-county Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Kangema Sub-county Hospital, which have been relied upon in the preparation of Kangema Sub-county Hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

Kangema Sub-county Hospital's financial statements were approved by the Board on 22ND August 2025 and signed on its behalf by:


.....

Name: Charles Kimani
Chairperson Board of Management


.....

Name: Dr. Karen Mwangi
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 KANGEMA SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MURANG'A

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kangema Sub County Hospital set out on pages 1 to 58, which comprise the statement of financial position as at

Report of the Auditor-General on Kangema Sub County Hospital for the year ended 30 June, 2025- County Government of Murang'a

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 Kangema Sub County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with County Government Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Undisclosed Property, Plant and Equipment

The statement of financial position reflects Kshs.20,390,569 for property, plant and equipment as disclosed in Note 32 to the financial statements, as at 30 June, 2025. However, the Hospital was noted to have land, buildings and a motor vehicle, that were not disclosed in the financial statements.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance Kshs.20,390,569 could not be confirmed.

2.0 Inaccuracies in the Statement of Cashflows

The statement of cashflows for the year ended 30 June, 2025 reflects cash and cash equivalent balance of Kshs.836,867. However, on casting down, the balance is Kshs.4,595,705 resulting to unexplained and unreconciled variance of Kshs.3,758,838. Similarly, on casting down the comparative balances of statement of cashflows the balance is Kshs.4,351,029 resulting to unexplained and unreconciled variance of Kshs.2,211,584

In the circumstances, the accuracy and fair presentation of the statement of cashflows n could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Non-Compliance with Kenya Quality Model for Health Policy Guidelines

An assessment of the Hospital's services, equipment, and staffing levels at the time of audit in the month of November, 2025 revealed that it failed to meet the Kenya Quality Model for Health Policy Guidelines, primarily due to staffing shortages as detailed below;

Report of the Auditor-General on Kangema Sub County Hospital for the year ended 30 June, 2025- County Government of Murang'a

Item Description	Level 3B Standard	Current Number	Variance
Medical Officers	2	3	-1
Theatre Nurses	8	0	8
Medical Laboratory Technologists	10	8	2
Kenya Registered Community Health Nurses	19	27	-8
Clinical Officer Paediatrics	1	0	1
Pharmaceutical Technologists	4	7	-3
Plaster Technologists	2	0	2
Orthopaedic Technologists	1	0	1
General Physiotherapists	3	1	2
Occupational Therapists	3	1	2
Dental Officer	1	1	0
Nutrition and Diabetic Officers	2	4	-2
Support Staff	10	4	6
Mortuary Attendants	2	2	0
Housing Staff for at least Two (2) Members of Staff	2	4	-2
Total	70	62	8

Further, whereas the financial statements indicate that Kangema Sub County Hospital is a level 4 hospital, its registration with medical practitioners and dentist council under serial number 6900442 categorizes the Hospital under category 3A.

In the circumstance, Management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and The Management Committee

The 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 Kangema Sub County Hospital's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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

04 December, 2025

Kangema Sub-County Hospital (Murang'a 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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	1,261,000
In- kind contributions from the County Government	7	590,000	-
Grants from donors and development partners	8	11,933,935	7,473,831
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		12,523,935	8,734,831
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	15,577,715	3,058,439
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
		15,577,715	3,058,439
Total revenue		28,101,650	11,793,270
Expenses			
Medical/Clinical costs	15	21,643,326	6,559,299
Employee costs	16	95,000	-
Board of Management Expenses	17	308,000	76,000
Depreciation and amortization expense	18	4,128,056	-
Repairs and maintenance	19	224,380	120,575
Grants and subsidies	20	-	-
General expenses	21	2,784,694	686,357
Finance costs	22	-	-
		29,183,456	7,442,231
Total expenses			
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-


Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	199,254	376,897
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		199,254	376,897
Net Surplus / (Deficit) for the year		(882,552)	4,727,936

The Hospital's financial statements were approved by the Board on 22nd August 2025 and signed on its behalf by:

.....

Chairman
Board of Management

.....

Head of Finance
ICPAK No:31587

.....

Medical Superintendent

Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025


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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	836,867	2,139,455
Prepayments	28	-	-
Receivables from exchange transactions	29	1,353,151	-
Receivables from non-exchange transactions	30	-	-
Inventories	31	12,704,124	7,639,845
Total Current Assets		14,894,142	9,779,300
Non-current assets			
Property, plant, and equipment	32	20,390,472	24,518,525
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		20,390,472	24,518,525
Total assets (A)		35,284,614	34,297,825
Liabilities			
Current liabilities			
Trade and other payables	36	3,385,050	2,875,637
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		3,385,050	2,875,637
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		3,385,050	2,875,637
Net assets (A-B)		31,899,564	31,422,188
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		(882,552)	4,727,936
Capital Fund		32,782,116	26,694,252
Net Assets		31,899,564	31,422,188

The Hospital's financial statements were approved by the Board on 22/08/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 31587



Medical Superintendent

Kangema Sub-County Hospital (Murang'a 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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	0	-	-	-
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	4,727,936	26,694,252	31,422,188
Capital/Development grants	-	-	-	-
As at June 30, 2024	0	4,727,936	26,694,252	31,422,188
At July 1, 2024	0	4,727,936	26,694,252	31,422,188
Revaluation gain	0	-	-	-
Surplus/(deficit) for the year	-	-882,552	32,782,116	31,899,564
Capital/Development grants	-	3,845,384	59,476,368	63,321,752

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	-	1,261,000
Grants from donors and development partners	8	11,933,935	7,473,831
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Rendering of services- Medical Service Income	11	15,577,715	3,058,439
Revenue from rent of facilities	12	-	-
Finance / interest income	13	-	-
Miscellaneous receipts(<i>specify</i>)	14	-	-
Total Receipts		27,511,650	11,793,270
Payments			
Medical/Clinical costs	15	21,643,326	6,559,299
Employee costs	16	95,000	-
Board of Management Expenses	17	308,000	76,000
Repairs and maintenance	19	224,380	120,575
Grants and subsidies	20	-	0
General expenses	21	2,784,694	686,357
Finance costs	22	-	-
Refunds paid out	37	-	-
Total Payments		25,055,400	7,442,231
Net cash flows from operating activities	43	2,456,250	4,351,039
Cash flows from investing activities			
Purchase of property, plant, equipment	32	-	-
Purchase of intangible assets	33	-	-
Proceeds from the sale of PPE	32	-	-
Acquisition of investments	34	-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings	41	-	,
Repayment of borrowings	41	-	,
Capital grants received		-	,

Kangema Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Net cash flows used in financing activities		,	,
Net increase/(decrease) in cash and cash equivalents		2,456,250	4,351,039
Cash and cash equivalents as at 1 July	27	2,139,455	-
Cash and cash equivalents as at 30 June	27	836,867	2,139,455

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carryovers from the previous year	-	-	-	2,139,455	(2,139,455)	-
Receipts						
Transfers from the County Government	600,000	-	600,000	590,000	10,000	1
Grants from donors and development partners	12,000,000	-	12,000,000	11,933,935	66,065	1
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	15,000,000	-	15,000,000	15,577,715	(577,715)	1
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (specify)	-	-	-	-	-	-
Total receipts	27,600,000	-	27,600,000	28,101,650	(501,650)	-
Payments						
Medical/Clinical costs	21,200,000	-	21,200,000	21,643,326	(443,326)	102
Employee costs	100,000	-	100,000	95,000	5,000	95
Remuneration of directors	310,000	-	310,000	308,000	2,000	99
Repairs and maintenance	225,000	-	225,000	224,380	620	100
Grants and subsidies	-	-	-	-	-	-
General expenses	2,800,000	-	2,800,000	2,784,694	15,306	99
Finance costs	-	-	-	-	-	-
Total Operational Expenditure paid	24,635,000	-	24,635,000	25,055,400	(420,400)	
Capital Expenditure paid	-	-	-	-	-	-
Surplus	2,965,000	-	2,965,000	3,046,250	(6,011,250)	103

Kangema Sub-County Hospital (Murang'a County Government)
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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,046,250
1	Difference because of balance in drugs donation inventories	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	836,867

19. Notes to the Financial Statements

1. General Information

Kangema Sub-County hospital entity is established by and derives its authority and accountability from Public Finance Management, Facility Improvement Fund Act. Kangema Sub-County Hospital is wholly owned by the Murang'a County Government and is domiciled in Murang'a County in Kenya. The entity's principal activity is provide healthcare services, including medical treatment, surgery, and emergency care, to patients .

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 Kangema Sub-County 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 Kangema hospital. The financial statements have been prepared in accordance with the Public Finance Management Act, Facility Improvement Fund, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></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.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year o

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **22nd august 2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Kangema hospital recorded no additional appropriations on the FY 2024-2025 budget following the Board's approval. Kangema hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. - Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 0 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.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The 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 need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

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 0. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	-	1,261,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
Total Unconditional Grants	-	1,261,000
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Murang'a County Government	-	-	-	-	-

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Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	590,000	-
Total grants in kind	590,000	-

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
DRUGS FROM USAID	11,933,935	7,473,831
Total grants from development partners	11,933,935	7473831

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from 0 National Hospital	-	-
Transfer from 0 Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

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

10 (a)Reconciliations of amortised grants

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

Kangema Sub-County Hospital (Murang'a County Government)
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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	1,951,911	538,621
registration	541,902	-
Laboratory	1,930,996	639,351
Radiology	63,450	11,800
procedure	878,896	-
in patient	2,214,093	-
immunization	3,260	-
Wards	382,412	-
clinics	85,775	221,950
out patient	-	111,415
Dental services	-	371,403
non pharmaceuticals	20,740	750
Public health	-	78,400
Paediatrics services	-	-
Farewell home services	647,656	849,150
others	606,624	235,599
SHA	6,250,000	-
Total revenue from the rendering of services	15,577,715	3,058,439

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

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Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,928,828	-
Public health activities	-	-
Food and Ration	919,620	37,200
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	3,867,325	864,919
Pharmaceutical supplies	4,435,760	406,575
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	278,825	800
Purchase of Medical gases	-	-
DRUGS FROM USAID	9,211,468	5,249,805
Other medical related clinical costs (customer refund)	1,500	-
Total medical/ clinical costs	21,643,326	6,559,299

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	95,000	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	95,000	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	308,000	76,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	308,000	76,000

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	4,128,056	5,316,276
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	4,128,056	5,316,276

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	179,080	120,575
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	17,400	-
Motor vehicle expenses	27,900	-
Maintenance of civil works	-	-
Total repairs and maintenance	224,380	120,575

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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	13,000	2,995
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	4,590	4,387
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	766,433	121,276
Fuel and Lubricants	1,125,075	420,487
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	-	200
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	346,241	49,025
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	280,000	40,000
Skills development levies	-	-

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Description	2024-2025	2023-2024
	Kshs	Kshs
Telephone and mobile phone services	2,000	7,480
Internet expenses	-	28,998
Staff training and development	219,200	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
KRA Tax	28,155	3,509
Total General Expenses	2,784,694	686,357

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	199,254	376897
Total Gain/Loss	199,254	376897

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	836,867	2,134,982
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	4,420
Total cash and cash equivalents	836,867	2,139455

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1310135568	133,454	438,050
Kenya Commercial bank	1324434619	703413	1,696,932
Sub- total		836,867	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	53
Mobile money- Mpesa, Airtel money		-	4,420
Sub- total		-	4,473
Grand total		836,867	2,139,455

28. Prepayments

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

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29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	1,353,151	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	(-)
Total receivables	1,353,151	-

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,353,151	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	1,353,151	%	-	%

30. Receivables From Non-Exchange Transactions

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

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

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	8,451,432	5,028,199
Maintenance supplies	-	-
Food supplies	118,935	-
Linen and clothing supplies	430,250	-
Cleaning materials supplies	330,148	-
General supplies	183,865	-
non pharmaceuticals	3,189,494	2,611,646
Total	12,704,124	7,639,845

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Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	7,639,845	-
Additional Inventory in the year	23,708,483	-
Inventory expensed in the year	18,644,204	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	12,704,124	7,639,845

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital	Total
								Work in progress	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	1	1	1	929,300	7,741,100	21,164,400	-	-	29,834,8003
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	1	1	1	929,300	7,741,100	21,164,400	-	-	29,834,803
At 1 July 2024	1	1	1	929,300	7,741,100	21,164,400	-	-	29,834,803
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	1	1	1	929,300	7,741,100	21,164,400	-	-	29,834,803
Depreciation and impairment		-							

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Description	Land	Buildings and Civil	Motor vehicles	Furniture, fittings,	ICT Equipmen	Plant and medical	Other Assets	Capital	Total
At 1 July 2023	1	1	1	929,300	7,741,100	21,164,400	-	-	29,834,803
Depreciation for the year		-	-	116,163	2,554,563	2,645,550	-	-	5,316,276
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024	1	1	1	813,138	5,186,537	18,518,850	-	-	24,518,527
At July 2024	1	1	1	813,138	5,186,537	18,518,850	-	-	24,518,527
Depreciation		-	-	101,642	1,711,557	2,314,856	-	-	4,128,056
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025	1	1	1	711,495	3,474,980	16,203,994	-	-	20,390,471
Net book values									
At 30 th Jun 2024	-	-	-	813,138	5,186,537	18,518,850	-	-	24,518,527
At 30 th Jun 2025	-	-	-	711,495	3,474,980	16,203,994	-	-	20,390,471

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Trade payables	3,385,050		2,875,637	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	3,385,050		2,875,637	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	3,385,050	%	2,875,637	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	3,385,050	%	2,875,637	%

37. Refundable Deposits from Customers/Patients

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical fees paid in advance	--	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	-
Total deposits	-	-

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

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	-	-

43. Cash Generated from Operations

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

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Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

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

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 0x. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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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 0 (2025: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2025 – KShs 0).

iv) Capital Risk Management

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	(%)	(%)

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Kangema Hospital 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.

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

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to :-	-	-
Sales of services to :-	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 0 employees	-	-
Payments for goods and services for 0	-	-
Total	-	-

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

46. Segment Information

47. Contingent Liabilities

Contingent liabilities	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Court case 0 against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

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)
PRESENTATION AND INACCURACIES IN THE FINANCIAL STATEMENTS 1.0	i) The statement of cashflow is inaccurate as it is not balanced. ii) Revenue from county government is disclosed as kshs401,000 in management discussion and analysis on page (xvii) while in the statement of financial performance the transfers are recorded as kshs 1,261,000. iii) Page numbering in financial statement iv) The amount of kshs 27,448,046 reported as capital fund in the statement of financial position was not supported. v) The amount of kshs 3,974,142 reported as accumulated surplus in the	The financial statements have been ammended and the observations raised in (I) to (Vii) above have been addressed. A revised Financial Statement is in place.	resolved	Done

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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)
	<p>statement of financial position is surplus for the year</p> <p>vi) The amount of repairs and maintenance in note 14 to the financial statements is kshs 120,575 while supporting schedules provided are for kshs 112,525 resulting to a variance of kshs 8,050.</p> <p>vii) A schedule to support drugs from nascop amounting to kshs 5,249,805 not provided.</p> <p>viii) The expenses incurred in the statement of cashflow shows payment of kshs 7,442,231 while in trade payables trade and other payables under review is kshs 1,234,907</p>			
2.0 Undisclosed property ,plant and equipment and ownership documents	i) the statement of financial position reflects kshs 24,518,525 for property ,plant and equipment as disclosed in note 26 to the	The hospital assets are part of the part of the assets devolved from the national Government and the assets and the title to the land is with the ministry of	resolved	

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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)
	financial statements as at 30 th June 2024. however the hospital was noted to have land, buildings and motor vehicles, that were not disclosed in the financial statement	Health.		
2.0 non compliance with kenya quality model for health policy guidelines	Scrutiny of services offered, equipment and number of members of staff at the hospital revealed that during the year under review, it did not meet the requirement of the kenya quality model for health policy guidelines	The management have informed the relevant departments of the staff shortage and are waiting for the county to recruit.	resolved	
2.0 Report on Effectiveness Of internal Controls, risk Management And GovernancE	Non-Compliance with Inventory Regulations The statement of financial position reflects Ksh. 7,639,845 in respect of inventories as at 30 th June 2024. The audit revealed that the management did not adhere to stock-taking guide-lines for quarterly inventory counts.	The inventory count for pharmaceuticals and non pharmaceuticals was conducted and the report is attached for audit review.	resolved	done
2.0 lack of internal	Lack of Internal Audit and	Financial oversight is carried out	resolved	

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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)
audit committee	Audit Committee Review of internal controls revealed that the internal audit function did not exist and thus, there were no internal audit reports for review. In addition, the audit committee was not in place to provide oversight on the financial and operational matters as required by the law.	by internal audit unit of Murang'a County government and the reports are available for review. During the financial year under review, the audit committee's mandate had expired and the audit report could not be reviewed.		



Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity:

Name of Beneficiary entity :

Confirmation of amounts received by Kangema Sub -County Hospital as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

Appendix V: Disaster Expenditure Reporting Template

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

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Appendix VI (a): BANK STATEMENT

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2519200231

KCB MURANGA
11 JUL 2025

Certified that the balance at the CREDIT OF KANGEMA HOSPITAL FIF ACCOUNT A/C 1324434619 at the close of business on 30 JUN 2025 was KES ONE MILLION SEVEN HUNDRED AND ONE THOUSAND ONE HUNDRED AND NINETY THREE CENTS FIFTY

Examined by
Admin Manager
KANGEMA

Manager Service Quality & Compliance
Branch Manager

For: KCB BANK KENYA LTD.
KES 1,701,193.50

For: KCB BANK KENYA LTD.

Customer Service
KANGEMA

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Appendix VI (b): BANK STATEMENT



Results 1 of 1

ALL 24 BRANCHES
 CERTIFICATE OF BALANCE

KCB Bank Limited
 Incorporated in Kenya

CEFT05142/00014

KCB MUFANGA 11 JUL 2025

Certified that the balance at the CREDIT OF KANGEMA HOSPITAL REVENUE AC

A/C 1310135568

at the close of business on 30 JUN 2025 Was KES

ONE HUNDRED AND THIRTY THREE THOUSAND FOUR HUNDRED AND FIFTY FOUR CENTS TWENTY FIVE

KES 133,454.25

Examined by

Manager Service Quality & Compliance Branch Manager

FOR: KCB BANK LIMITED