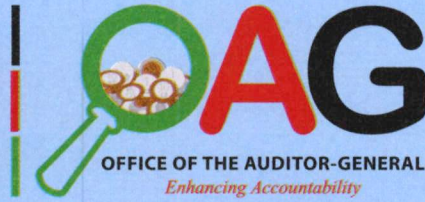


REPUBLIC OF KENYA



MS

REPORT

OF

THE AUDITOR-GENERAL

ON

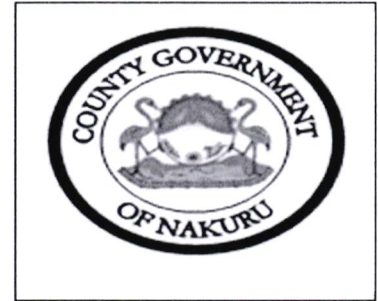
BAHATI SUB – COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Minority Whip
COMMITTEE	
CLERK AT THE TABLE	

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**BAHATI SUB-COUNTY HOSPITAL  
(NAKURU COUNTY GOVERNMENT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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**Prepared in accordance to full compliance of Accrual Basis of Accounting Method under the  
International Public Sector Accounting Standards (IPSAS)**

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## **1. Acronyms & Glossary of Terms**

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

ALOS	Average Length of Stay
CSR	Corporate Social Responsibility
DOH	Department of Health
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
FIF	Facility Improvement Fund
HMC	Hospital Management Committee
HMT	Hospital management Team
ICT	Information and Communication Technology
KENAS	Kenya Accreditation Service
MCA	Member of County Assembly
MCH	Maternal and Child Health
MED SUP	Medical Superintendent
MOPC	Medical Outpatient Clinic
NCDS	Non Communicable Diseases
OBS/GYNAE	Obstetrics and Gynaecology
OPD	Outpatient Department
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
PM	Per Month
SHA	Social Health Authority

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

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

Bahati Sub-County Hospital is a level 4 hospital established under gazette notice number 157 dated 30<sup>th</sup> July 2021 and is domiciled in Nakuru North Sub- County under the Health Department. The hospital is governed by a Board of Management.

Bahati Sub-County Hospital was started in 1979 as a Rural Health Demonstration Centre (RHDC). In the year 1978, an organization called Mutukanio/Gwataniro identified and located 8 acres' piece of land for its construction.

The construction funds were donated/ provided by DANIDA. By the year 1981, the health facility was completed and became operational and by November 2007, it was elevated to serve as a district hospital when Nakuru North District was curved from the large Nakuru District.

The facility serves a catchment population of approximately 303,214 people (According to 2019 Kenya Population and Housing Census KPHC) and act as a referral centre for; Kabatini Health centre, Engashura Health centre, Dundori Health centre, Subukia Sub-County Hospital, Kabazi Sub-County Hospital among other health centres, dispensaries and nearby private level 4 hospitals. On the dawn of devolution (2012), the health facility was gazetted as Bahati Sub-County Hospital (BSCH) The Kenya Gazette of 30<sup>th</sup> July, 2021.

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

#### **Vision**

The Vision of Hospital is to become a center of excellence in quality healthcare services .

### **Mission**

The mission is to provide integrated, accessible, responsive and quality healthcare services for all.

### **Core Values**

Customer focused	Professionalism	Integrity
Equity and Equality	Transparency	Accountability
Teamwork	Creativity & Innovation	

The vision of the hospital is to become a Center of Excellence in quality healthcare services, while its mission is to provide accessible, responsive, quality healthcare services through creativity and innovation. The main mandate of BSCH is to provide curative, preventive, promotive and rehabilitative health services. It offers specialized clinical services in a few selected disciplines.

It serves as a center for training for middle level college students and other related health workers. The following are the key objectives of the hospital;

- To provide high quality healthcare services
- To provide specialized healthcare services
- To serve as a center that can be utilized by local stakeholders for development or implementation of health policies.
- To build and strengthen partnership and sector coordination.
- To advocate and mobilize adequate funds to the hospital.

### **(c) Key Management**

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

- County department of health

- County department of Finance
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team (HMT)

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent/CEO	<b>Dr. Owino Kennedy</b>
2.	Sub-county Accountant	<b>Agnes Mungai</b>
3.	Head of finance	<b>Josphine Korir</b>
4.	Head of supply chain	<b>Miriam Njonge</b>
5.	Head of Nursing Services	<b>Dr.Lucy Kinanu</b>
	Head of Obs/Gynae , Clinical Services	<b>Dr.Emmanuel Wekesa</b>
	Head of Administration	<b>Elizabeth Koigi</b>

**(e) Fiduciary Oversight Arrangements**

**i. The County Assembly**

The county assembly, pursuant to the constitution of Kenya,2010 and the county Government Act 2012 under Article 8(1) has fiduciary Oversight role over the execution of the functions of the county Government. It approves the budget and expenditure of the county Government in accordance with article 207 of the constitution of Kenya. In addition, the county assembly health services committee has fiduciary oversight role.

**ii. County Executive Committee**

The County Executive Committee exercise executive authority in accordance with the constitution and County Legislation.

**iii. Internal Auditor Department**

The internal Audit department of the county Government of Nakuru ensures that internal controls exist and are diligently adhered to. The internal Audit reports to the county Audit committee.

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

**(f) Entity Headquarters**

Bahati Sub-County Hospital,  
P.O. Box 77,  
Bahati.  
Nakuru-Nyahururu Highway  
Nakuru, Kenya.

**(g) Entity Contacts**

Telephone:0701779094  
E-mail: [bahatihospital@gmail.com](mailto:bahatihospital@gmail.com)  
Website: bahatihospital.com.  
Website: <https://nakuru.go.ke>

**(h) Entity Bankers**

Kenya Commercial Bank,  
P.o Box 48400-00100,  
Nairobi , Headquarters.

**(i) Independent Auditors**

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


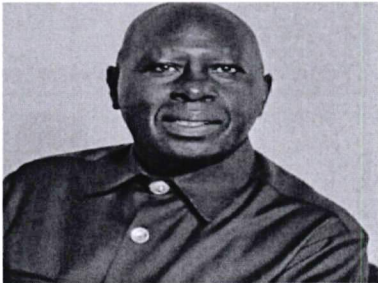
**(j) Principal Legal Adviser**


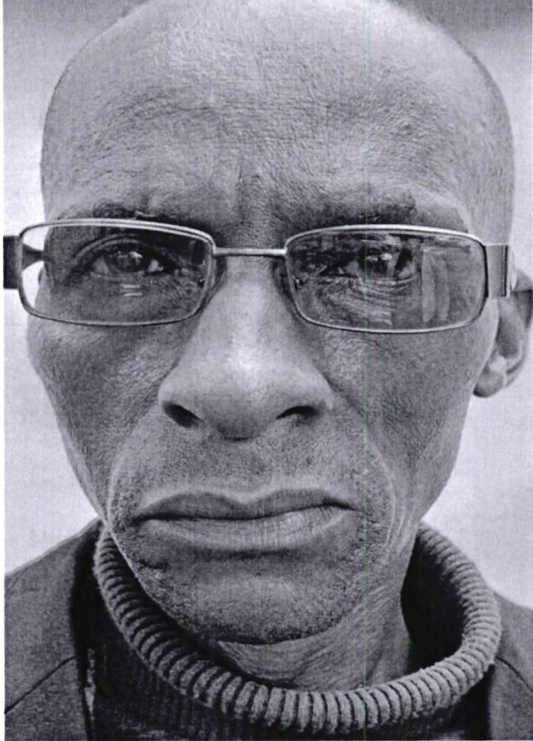
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**(k) County Attorney**

New County Hall Building,  
Moi Road P.O. Box.2870-20100,  
Nakuru, Kenya.



**3. The Board of Management**



Ref	Directors	Details
1.	 <p>Mr. John Mbugua Honest</p>	<p><b>Chairperson</b></p> <p>Mr John Mbugua Honest is the Chairperson of the Hospital Management Committee since January 2024. He holds a degree in Bachelor of Commerce, Finance option from Jomo Kenyatta University of Agriculture and Technology. He has also trained on non-Communicable disease from Kenyatta University. He has held various position in various companies and institutions as a treasurer, chairman, director, patron and board member. A dedicated and result-driven leader with a proven track record of successfully leading teams to achieve exceptional outcomes, seeking opportunities to leverage my strong leadership skills and strategic thinking to drive organizational growth and develop a growing dynamic company/ institution/organization. He is 59 years old.</p>
2.	 <p>Mr. Moses Gatharia Mwathi</p>	<p><b>Vice Chairperson.</b> Mr Moses Gatharia Mwathi is the Vice Chairperson of the Hospital Management Committee and Chairperson of the Infrastructure Sub-Committee . He attended Certified Nurse Training in Haysville Nursing Homes, Wichtia Kansas, USA and he is a certified Nursing Aid-CAN. He also holds a Diploma in Journalism. He is 66 years old.</p>


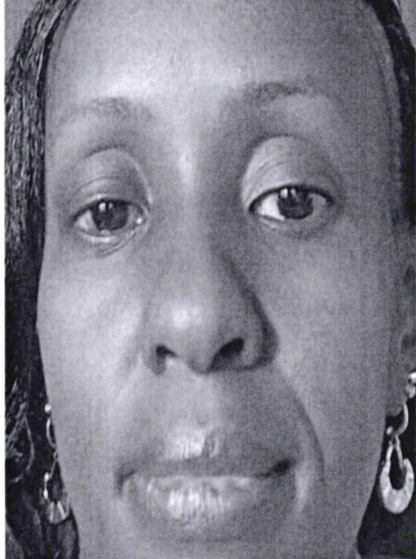
3.	 Dr. Kennedy Owino	<p><b>Secretary</b></p> <p>Dr. Kennedy Owino is the Medical Superintendent of the hospital and Hospital Management Committee Secretary. He has a Bachelor of Dental Surgery from University of Nairobi and a Certificate in Hospital Administration from Mahidol University Bangkok Thailand. He is 58 years old. He has over 29 years in the health sector and 13 years in Hospital Administration.</p>
4.	 Pastor John Munyiri Mbarire	<p><b>Member</b></p> <p>Pastor John Munyiri Mbarire is a Member of the Hospital Management Committee and the Chairperson of the Quality Sub-Committee since January 2024. He attended New Life Theological Seminary and he is currently pursuing a bachelor' degree in Theology. He has been a businessman for over 30 years. He is 55 years old.</p>

5.	 <p>Ms. Faith Njoki Njuguna</p>	<p><b>Member</b></p> <p>Ms. Faith Njoki Njuguna is a member of the Hospital Management Committee. She is also a member of the Quality and Infrastructure Sub-Committee since January 2024. She is 63 years old.</p>
6.	 <p>Mr. Paul Njoroge Wainaina</p>	<p><b>Member</b></p> <p>Mr. Paul Njoroge Wainaina is a member of the hospital management Committee and the chairperson of the Finance subcommittee since January 2024. He holds a degree in Bachelor of Commerce, Finance option from Meru University of Science and Technology. He has worked as an interim Internal Auditor at Jimtech Limited. He is 28 years old.</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p data-bbox="256 987 512 1021">Dr. Kennedy Owino</p>	<p data-bbox="1042 472 1366 506"><b>Medical Superintendent</b></p> <p data-bbox="1042 577 1422 1088">Dr. Kennedy Owino is the Medical Superintendent of the hospital and Hospital Management Committee Secretary. He has a Bachelor of Dental Surgery from University of Nairobi and a Certificate in Hospital Administration from Mahidol University Bangkok Thailand.</p>
2.	 <p data-bbox="256 1800 549 1834">Dr. Emmanuel Wekesa</p>	<p data-bbox="1042 1113 1254 1196"><b>Deputy Medical Superintendent</b></p> <p data-bbox="1042 1267 1430 1883">Dr. Emmanuel Wekesa is the Head of Obs/Gynae and Clinical Services. He has a master of Medicine in Reproductive Health(Obs/Gynae) from Moi University and Master in Health System Management (Msc.HSM) from Kenya Methodist University. And also Bachelor of Medicine and Surgery from University of</p>

<p>3.</p>	 <p>DR. Lucy Kinanu</p>	<p>Nairobi</p> <p><b>Nursing Officer In-Charge</b>  DR. Lucy Kinanu is the Nursing Officer In-Charge of the hospital . She has a PHD in Nursing Sciences-Peadiatric Nursing from the University of Nairobi,  Masters in Paediatric Nursing from the University of Nairobi and a Bachelor of Science in Nursing from Egerton University</p>
<p>4.</p>	 <p>Ms. Josphine korir</p>	<p><b>Head of Accounting Unit</b>  Ms. Josphine korir is the Head of the Accounting Unit of the hospital . She has a Bachelor of Commerce-Accounting option from Kabarak University and a Certified Public Accountant (CPA) Part II.</p>

5.	 <p>Ms. Mirriam Njonge</p>	<p><b>Head of Procurement</b></p> <p>Ms. Mirriam Njonge is the head of procurement in the hospital. She has a Bachelor of Procurement and Supply Chain Management from Egerton University.</p>
6.	 <p>Ms. Koigi Elizabeth</p>	<p><b>Health Administrative Officer</b></p> <p>Ms. Koigi Elizabeth is the Health Administrative Officer of the Hospital . She has a Bachelor of Commerce degree from University of Nairobi.</p>

## **5. Chairman's Statement**

It is my pleasure to present the hospitals 2024/2025 annual report and financial statements. The HMC is proud of the achievements realized by the hospital in this period. I am impressed by the staff attitude towards their commitment to delivering the best possible services to patients despite the staff shortages and challenges experienced throughout the year. As HMC we approved engagement of technical staff using FIF to boost the county staff numbers but due to retirement, death of staff just to mention but a few, the staff shortage is still an issue at BSCH.

BSCH as a public hospital of choice in Bahati sub-county and the surrounding areas offers quality health care to patients in line to its mission of provision of Curative, Preventive, Rehabilitative health services. Also, it prides itself in offering specialized clinical services in selective disciplines. BSCH is always set and ready for both dynamic healthcare and environmental changes especially in Nakuru North sub-county and by extension Nakuru county in general.

The future plans of the hospital are to;

The completion of Construction of Mother and Child through CSR by a strategic partner is at 60% and Once complete the 120 bed capacity-mother and child will provide a comprehensive mother and child healthcare.

Introduction of general and orthopaedic surgical department in what to become the former Maternity and old Theatre on migration of maternity services to the new mother and child unit.

Plan is also in high gear for the construction of all-inclusive service delivery-funeral home from support from county Government of Nakuru.

### **Achievements**

- Procurement and installation of a modern x-ray imaging machine through the Area MCA kitty and DOH.
- Acquisition of modern medical equipment, ICT server and networking.
- The committee pledge is to ensure that our systems and human resources are effectively deployed to support the programmed transformation of the hospital into a sustainable and excellent institution.

### **Acknowledgement**

On behalf of HMC, I would like to thank all the stakeholders especially the DOH and other Hospital Partners, without which our achievements would not have been realized. As we move into a new year

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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I would like to express my gratitude to BSCH staff and HMC who take such pride in their work and who exemplify our hospital's mission and values each day.

..... *Noses Mwathi* .....

Name

  
Chairman to the Board

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

I am pleased to present the Hospital's annual report and financial statements for the year 2024/2025. The report highlights the hospital and financial performance as well as our strategic direction.

### **Operational Performance**

The hospital provides a range of services to meet our patients' needs, we have competent personnel who ensure our clients receive safe, timely, equitable, efficient and patient-centred services. In 2024-2025 the hospital attended to 58,792 Patients of whom 3,630 were inpatients. This represented a decrease of 9.2% outpatients and increase of 2% inpatients attendance in comparison to the previous year, possibly due to introduction of a new National Health Scheme(Social Health Authority) with most of the outpatients being attended at level 2 and 3.

### **Centre of excellence**

BSCH established in 1974 is the largest primary referral hospital in Nakuru north/Bahati sub-county and ranked the best in the sub-county. It provides relatively comprehensive patient centred care with various clinical specialities. BSCH is committed to give of its best to heal and bring hope as it has over the years.

BSCH Medical laboratory is accredited by KENAS through ISO 15189:2012 for meeting its standards of safety and quality in Health care in terms of Laboratory diagnostics.

### **Patient Safety**

BSCH has embarked on all aspects of patient safety which is an integral component of health service delivery and is focused to reduce hospital acquired infections and medical errors. The hospital has an active infection prevention & control committee whose core mandate is to address patients and healthcare workers concerns in relation to nosocomial infections .

### **Finance**

During the year the hospital made a total net collection of ksh 54,781,079.25 and incurred a medical loss of ksh 2,247,607.00 through Waivers and exemptions. This was an increase compared to FY 2023-2024 which the net collection was Ksh 37,021,126.00 and Waivers and exemption was ksh 4,209,277.00

On expenditure the hospital Top expenditures were as follows:

- Employee costs - Ksh 14,361,529.00
- Laboratory Supplies - Ksh 3,033,741.00
- Dressing and Non-pharmaceuticals - Ksh 2,768,016.00
- Medical Drugs - ksh 2,112,613.00

### **Achievements**

In the terms of achievements the year 2024/2025 was very dismal apart from acquiring patient Delivery Bed.

### **Challenges:**

#### **1. Inadequate staffing:**

There's a critical shortage of skilled healthcare professionals including nurses, clinical officers and pharmacy staff, which hinders the ability to meet patient demand and provide quality care. In addition healthcare workforce is facing an on-going crisis, burnout, retirements and resignation all leading to staff shortages.

#### **2. Insufficient Equipment & Infrastructure:**

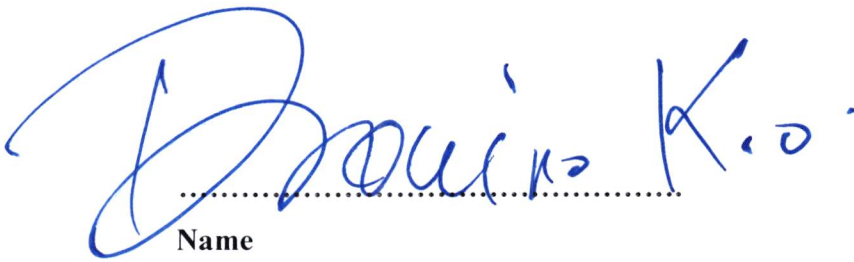
Key facilities and equipment such as Intensive care unit(ICU) beds and CT Scanners are insufficient for the needs of a level 4 hospital

#### **3. Inadequate Chronic Diseases & Emergency Management:**

There's recognized need to improve the management of Chronic diseases such as Non communicable diseases (Diabetes and Hypertension) and enhance the response system for emergencies.

**Acknowledgment**

The Thousands of Patients served are a Living testament to the care, Love and support offered everyday by the outstanding commitment of our able staff. We are grateful to our stakeholders for the kindness compassion, support, dedication and contributions to BSCH.

A handwritten signature in blue ink, appearing to read 'Dennis K.O.', is written over a horizontal dotted line.

Name

Secretary to the Board

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

BSCH modus operandi is based on WHO six strategic pillars/ themes/ issues as below listed

1. Clinical services and products
2. Healthcare financing and sustainability
3. Human resource development
4. Infrastructural development
5. Leadership and governance
6. Health information

BSCH develops annual workplans based on the above six health system pillars. The assessment of the HMC committee and hospital/performance against its annual work plan (AWP) is done on a quarterly basis.

The hospital achievement based on its performance target for the FY 2023/24 period for the above strategic pillars is as indicated in the below diagram:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
1: Clinical service delivery and infrastructure development	<p>To establish and enhance good clinical governance</p> <p>To express workspace through infrastructural development</p> <p>To ensure quality</p>	<ul style="list-style-type: none"> <li>➤ Updated SOPs</li> <li>➤ No of stock out tracer drugs.</li> <li>➤ Availability of drug formulary.</li> <li>➤ Infrastructural committee and evaluation completion reports.</li> <li>➤ Registers.</li> <li>➤ EMR.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Rational use of medications</li> <li>➤ Provision of health products.</li> <li>➤ Monthly clinical audits and mortality meetings.</li> <li>➤ Renovation of imaging</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reduction in morbidity and mortality.</li> <li>➤ Drug formulary available.</li> <li>➤ Renovation of diagnostic / imaging department</li> </ul>

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

	diagnostic services.		<p>department.</p> <ul style="list-style-type: none"> <li>➤ Installation of x-ray imaging equipment.</li> <li>➤ Adhere to quality standard.</li> </ul> <p>Introduce new specialised services</p>	<p>complete.</p> <ul style="list-style-type: none"> <li>➤ Installation and operationalization of x-ray machine</li> </ul> <p>X-ray imaging services introduced. UECs done within 24 hours.</p>
2. Healthcare financing and sustainability	To increase revenue generation.	<ul style="list-style-type: none"> <li>➤ Revenue reports.</li> <li>➤ % in revenue</li> </ul>	<ul style="list-style-type: none"> <li>➤ Review user fees.</li> <li>➤ Increase customer base.</li> <li>➤ Diversify revenue streams.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuous user fee review.</li> <li>➤ Improved revenue generations.</li> <li>➤ More patient streams.</li> </ul>
3. Leadership and governance	Enhanced policies, disseminations and implementation.	<ul style="list-style-type: none"> <li>➤ Increase in hospital performance.</li> <li>➤ No of HMC meetings.</li> <li>➤ No. of the HMT meetings.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Monthly/quarterly HMT meetings.</li> <li>➤ Quarterly HMC.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Quarterly HMT/HMC meetings achieved.</li> </ul>

## **8. Corporate Governance Statement**

BSCH Hospital Management committee is responsible for the corporate governance of the hospital and is accountable to the department of Health Nakuru County.

The HMC is composed of Nine Members appointed by CECM of Health and are held accountable and responsible for the efficient and effective governance of the hospital. The members of the HMC come from the Hospital community and have a range of skills and experience, they each bring an independent judgment and considerable knowledge to the HMC discussion. The HMC term is three years renewable once.

BSCH was gazetted via gazette notice 16123 dated 24<sup>th</sup> November 2023 as a level 4 hospital (Primary level referral hospital.)

The current HMC members were gazetted under The Kenya Gazette Vol. CXXV - No.249 Notice Number No. 16123 of 24<sup>th</sup> November 2023. After their gazettelement, The HMC members were inducted.

### **a) Hospital Management Committee**

The HMC is composed of nine members; The chairperson, vice chairperson, Secretary (Medical Superintendent) and other six members.

Co-opted Members are:

1. Nursing Officer in -charge
2. Hospital Accountant
3. Hospital Administrator
4. Sitting Area MCA
5. Ward Administrator

Key Roles and Responsibilities of HMC are;

- Oversight of the facility
- Link between the facility and the community
- Resource mobilization

**b) HMC Meetings**

Both HMC and sub-committee meetings are held quarterly or additionally when necessary to consider matters of overall control of the hospital.

Adequate notice and agenda are circulated within the stipulated timelines. The Main HMC held 4 meetings.

**Example of attendance schedule:**

NO	NAMES	DESIGNATION	ID NO	SIGNATURE
1	Mr John Mbugua Honest	Chairman	8949589	
2	Mr Moses Mwathi	Vice Chairman	0322689	
3	Pastor John Munyiri	Member	11008487	
4	Ms Faith Njoki	Member	5712046	
5	Mr Paul Wainaina	Member	35594979	

**c) HMC Renumeration**

The HMC members provides services to the hospital and are entitled to an allowance whenever their services are required, that is, when they attend meetings. Their allowance is paid as per the below circular from the DOH

**d) Sub - Committees of Hospital Management Committee**

➤ **Finance and General-purpose sub-committee**

Oversight the collection of revenue, budgeting with assistance of management

**Attendance Schedule:**

NO	NAMES	DESIGNATION	ID NO	SIGNATURE
1	Mr Paul Wainaina	Finance Chairperson	35594979	
2	Mr Moses Mwathi	Member	0322689	
3	Pastor John Munyiri	Member	11008487	

➤ **Quality of healthcare services**

Oversight the hospital on quality of healthcare.

**Attendance Schedule:**

NO	NAMES	DESIGNATION	ID NO	SIGNATURE
1	Pastor John Munyiri	Quality Chairperson	11008487	
2	Mr John Mbugua Honest	Member	8949589	
3	Ms Faith Njoki	Member	5712046	

➤ **Audit sub-committee**

Oversight the implementation of the budget.

➤ **Infrastructure Sub-committee**

Oversee all infrastructural development within the hospital and related activities.

**Attendance Schedule:**

NO	NAMES	DESIGNATION	ID NO	SIGNATURE
1	Mr Moses Mwathi	Infrastructure Chairperson	0322689	
2	Ms Faith Njoki	Member	5712046	
3	Mr Paul Wainaina	Member	35594979	

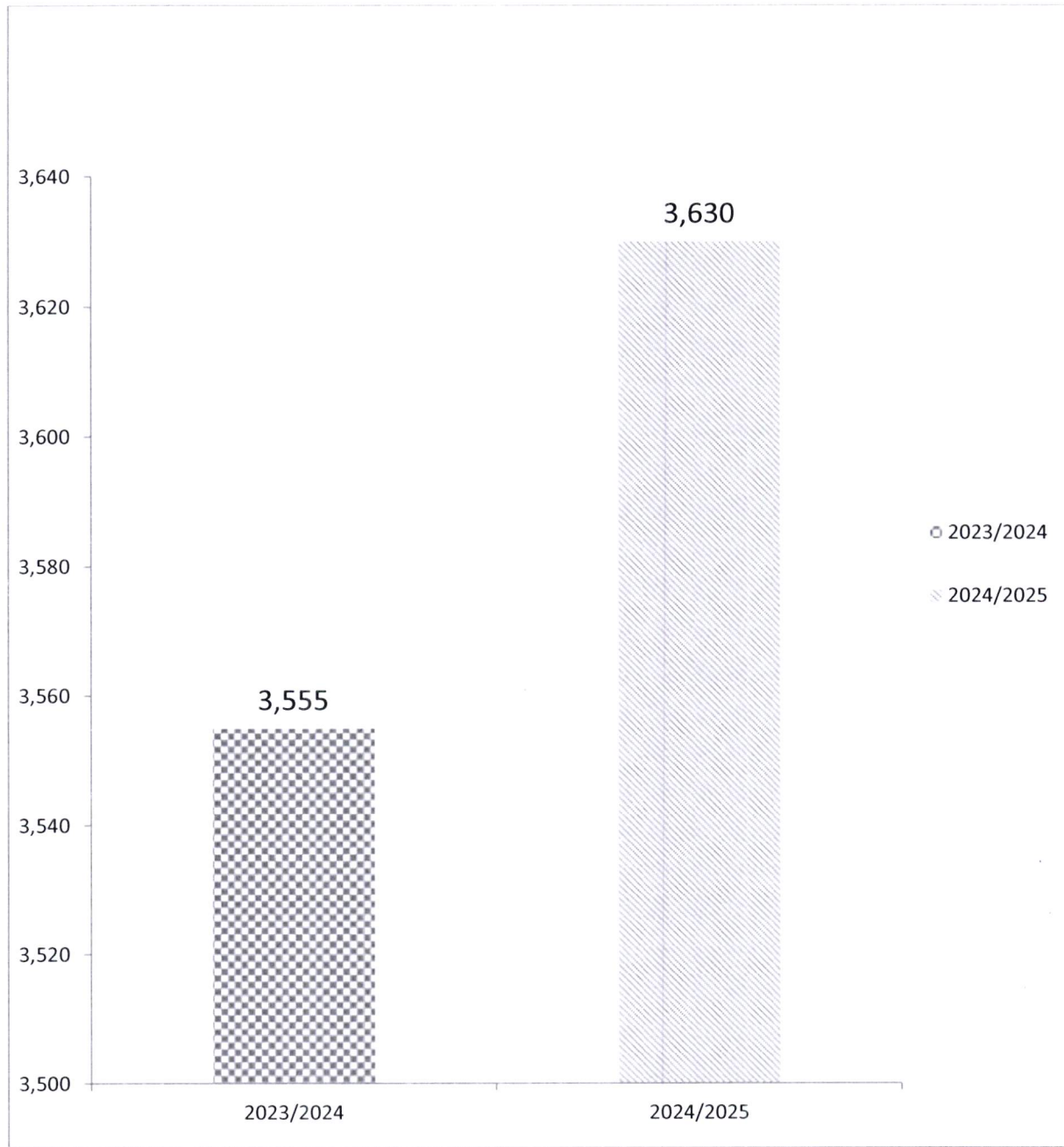
**9. Management Discussion and Analysis**

**SUMMARY OF ANNUAL OPERATION PERFORMANCE FOR THE FINANCIAL YEARS  
 2023/2024 AND 2024/2025**

		<b>FY 2023/2024</b>	<b>FY 2024/2025</b>
<b>Bed Capacity</b>		50	50
<b>Patient Attendance Inpatient and Out Patient</b>	Opd Visits	60,739	55162
	Admissions	3,555	3,630
<b>Specialized Clinics</b>		5850	6082
<b>Average Length of Stay (Inpatient Days)</b>		2.5	2.7
<b>Bed Occupancy Rate</b>		76%	63.2%
<b>Mortality (Absolute Figures)</b>		98	94
<b>Surgical Theatre Utilization</b>	<b>MINOR</b>	156	162
	<b>MAJOR</b>	589	600
<b>Maternity (Total Deliveries)</b>		2480	2256

A summary of the Bahati Sub county Hospital performance for the financial year 2024/2025 compared to the 2023/2024 financial year.

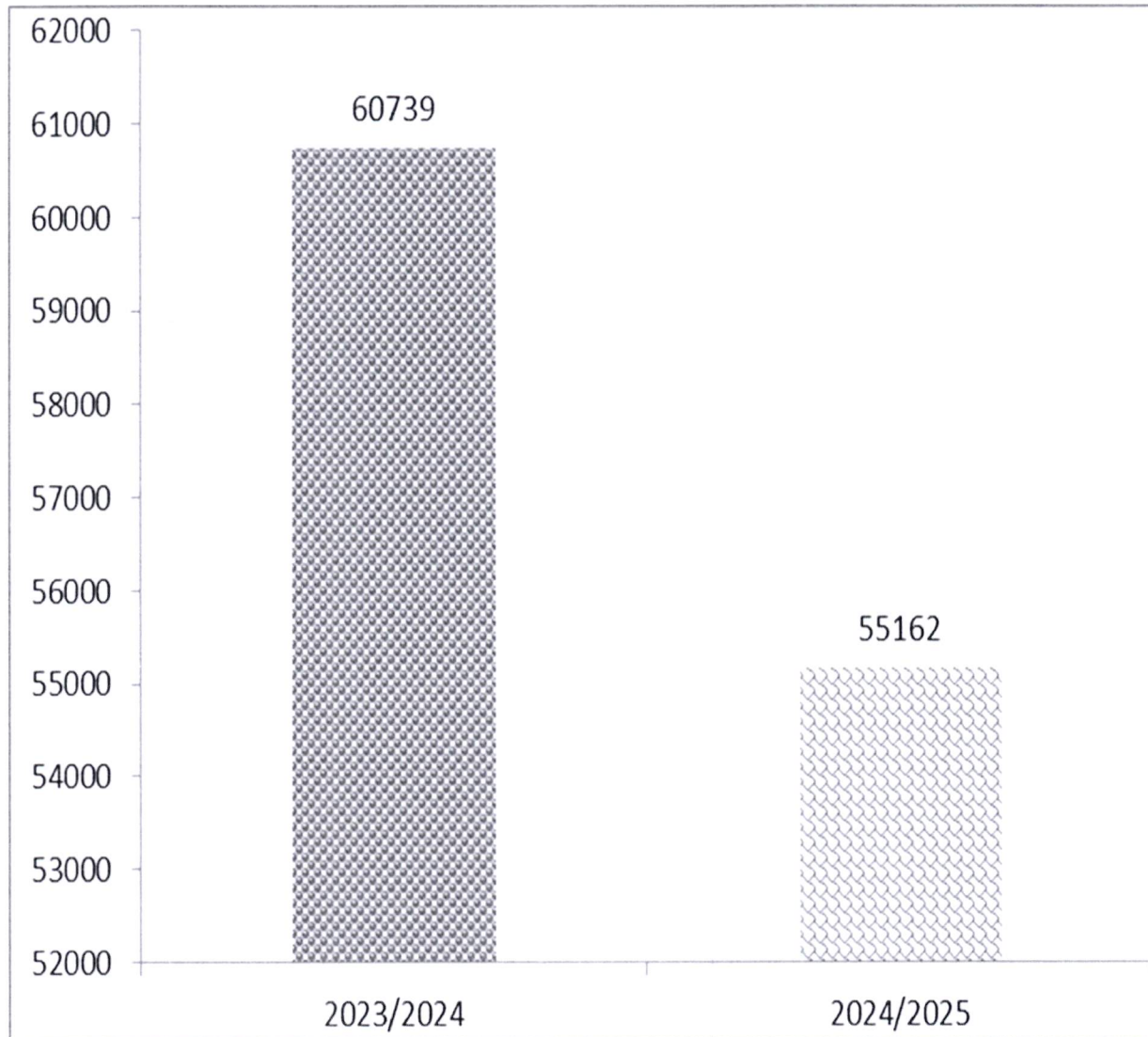
**Admissions**



There

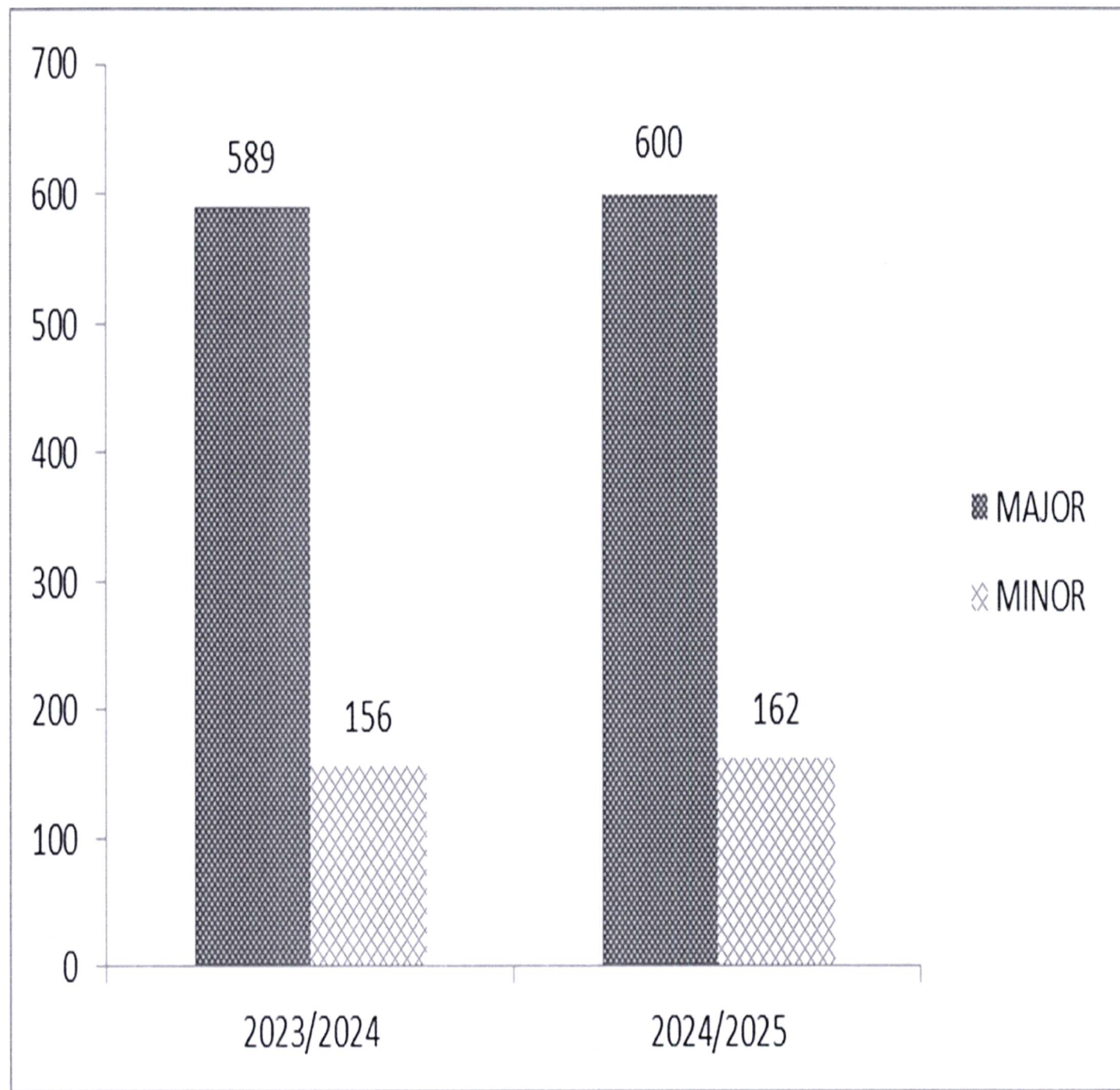
was a slight increase in the number of hospital admissions in the year 2024/2025 compared to the previous financial year. This could be due to the variations in morbidity patterns. In addition, there was a slight increase in the proportion of outpatient clients who got admitted (6.6%) in the 2024/2025 financial year, compared to 2023/2024 (5.8%)

**OUT PATIENT ATTENDANCES**



There was a slight decrease in the number of outpatient visits (9.2%) at Bahati Sub- County hospital during the 2024/2025 financial year, compared to the 2023/2024 financial year. The decrease may be due to expected variations in the health-seeking behaviour of the catchment population.

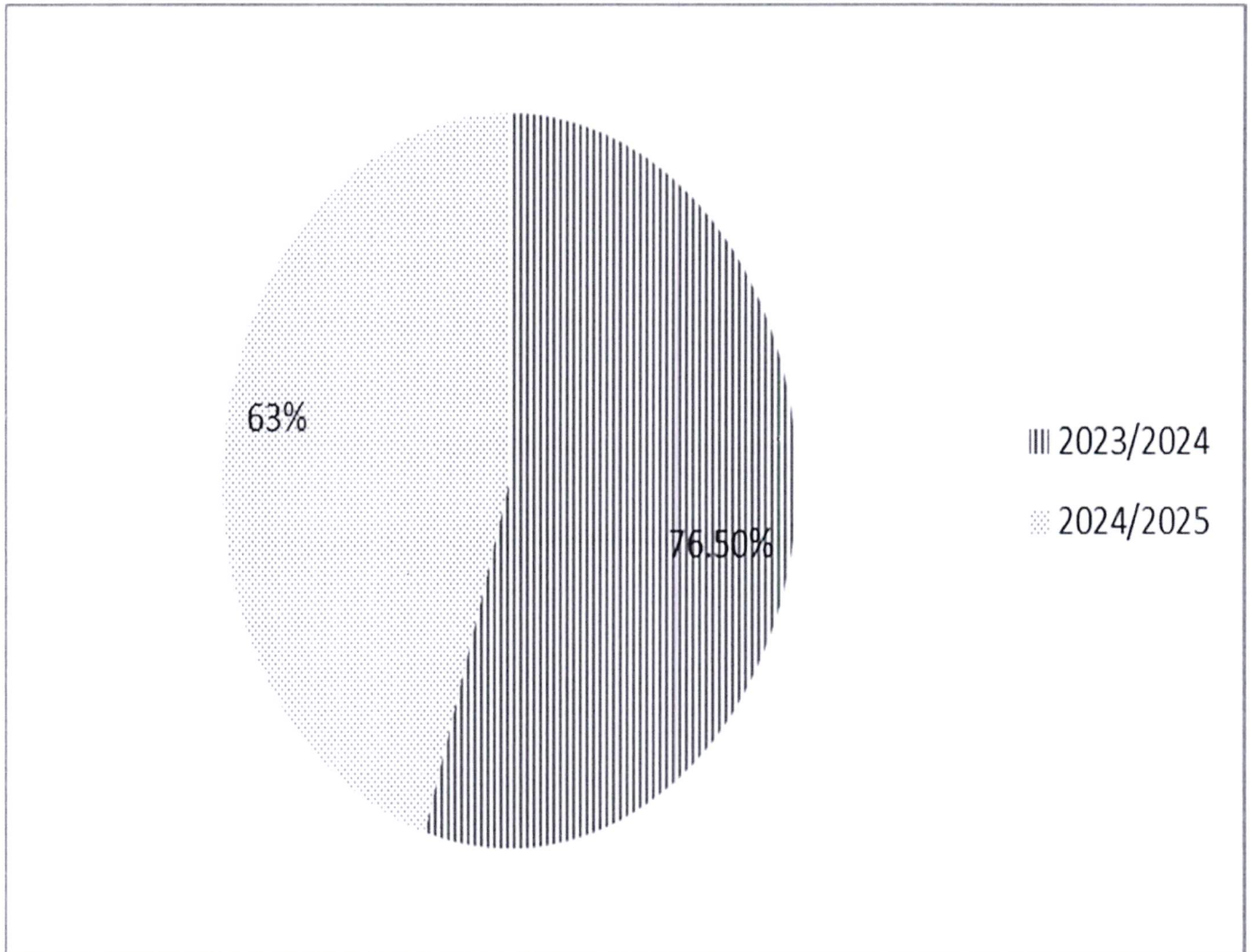
**THEATRE SERVICES**



Utilization of theatre services has remained high in the facility, as evidenced by the sustained number of surgical operations. The number of major surgeries has remained significantly higher than minor surgeries. This is the expected trend for a level 4 hospital. Caesarean section was the most common

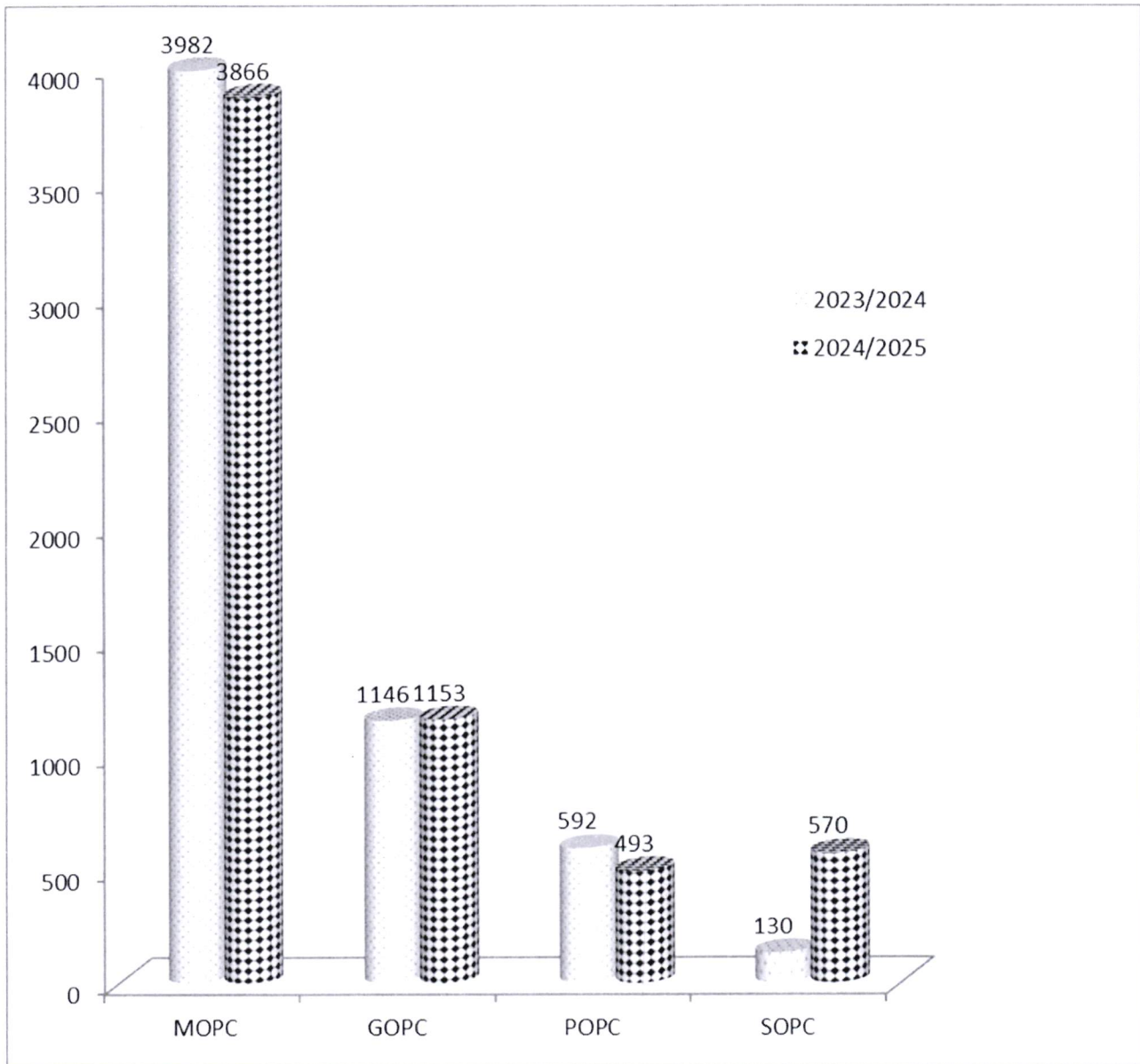
surgery performed at the facility. Overall, there was no significant change in the number of both major and minor surgeries in the financial year 2024/2025, compared to the previous year.

**PERCENTAGE BED OCCUPANCY**



The bed occupancy decreased in the 2024/2025 financial year (63%), compared to the 2023/2024 financial year (76.5%), despite a slight increase in the number of admissions. At Bahati Sub- County Hospital, majority of patients are admitted for maternity services. The decrease in the number of deliveries in the 2024/2025 financial year may account for observed decrease in bed occupancy.

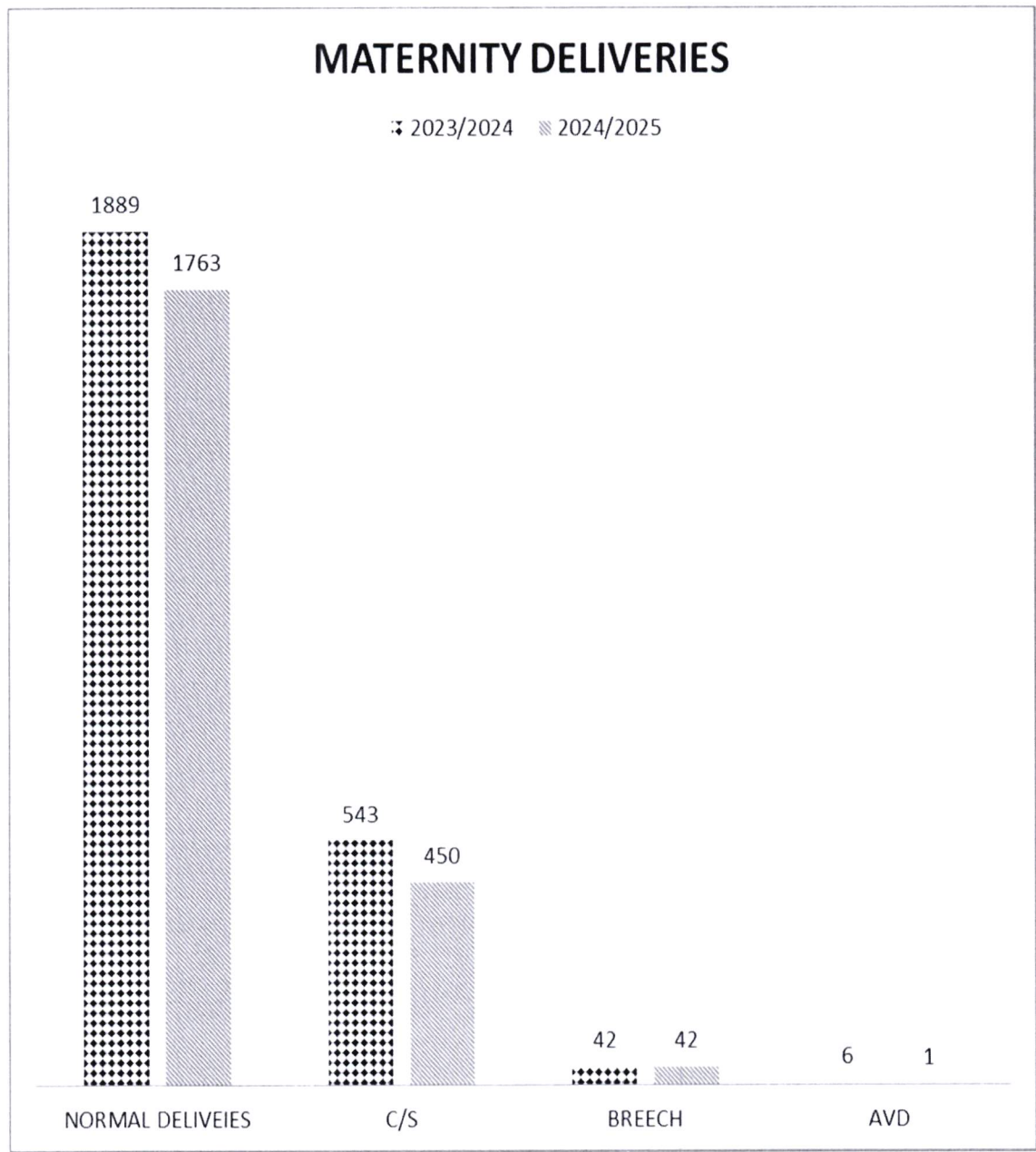
**SPECIALIZED OUTPATIENT CLINICS**



The number of Medical Outpatient Clinic (MOPC) clients has remained high over the years. This is due to the sustained prevalence of non-communicable diseases (NCDs) within the catchment population. However, there was no significant change in the number of patients attended at the MOPC clinic in the 2024/2025 financial year, compared to the previous year. Similarly, there was no significant change in the number of Gynaecological Outpatient Clinic (GOPC) clients across the two financial years. There was a decrease (16.7%) in the number of Paediatric Outpatient Clinic (POPC) in the financial year 2024/2025, compared to the financial year 2023/2024.

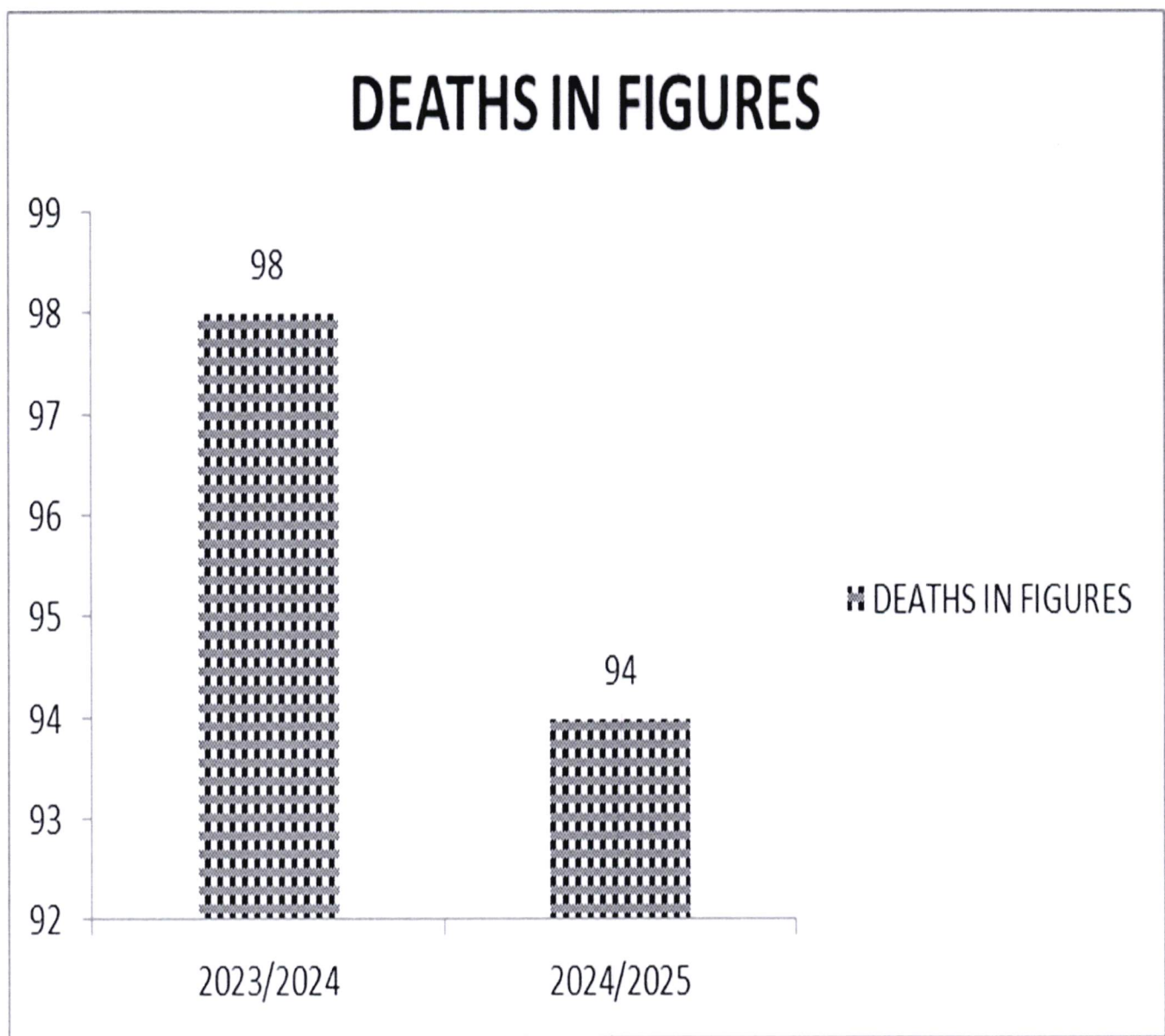
There was significant increase (338%) in the number of Surgical Outpatient Clinic (SOPC) clients in the financial year 2024/2025, compared to the previous year. The general surgeon was deployed to the facility in the second half of the 2023/2024 financial year. A few clients were therefore attended at the newly established SOPC clinic during the fiscal year (2023/2024).

**Maternity services**



There was a decrease in the total number of deliveries in the 2024/2025 financial year (2256) compared to the 2023/2024 financial year (2480). The decrease in the number of normal deliveries and caesarean sections therefore mirrors the overall decrease in the number of deliveries. The decrease in the total number of deliveries in the 2024/2025 financial year could be due to the changes in healthcare financing that occurred during this period. There was a significant decrease in the number of deliveries during the transition period from NHIF to SHA/SHIF. A significant proportion of clients had not registered for SHA membership during the transition period and therefore SHA could not pay for their delivery services.

**MORTALITY**



The number of deaths has remained low and within the acceptable limits for the facility. There was a slight decrease in the mortality rate as a proportion of the number of admissions in the 2024/2025 financial year (2.5%), compared to the 2023/2024 financial year (2.7%).

### **Financial performance**

BSCH revenue sources Includes

User fees Comprising of :

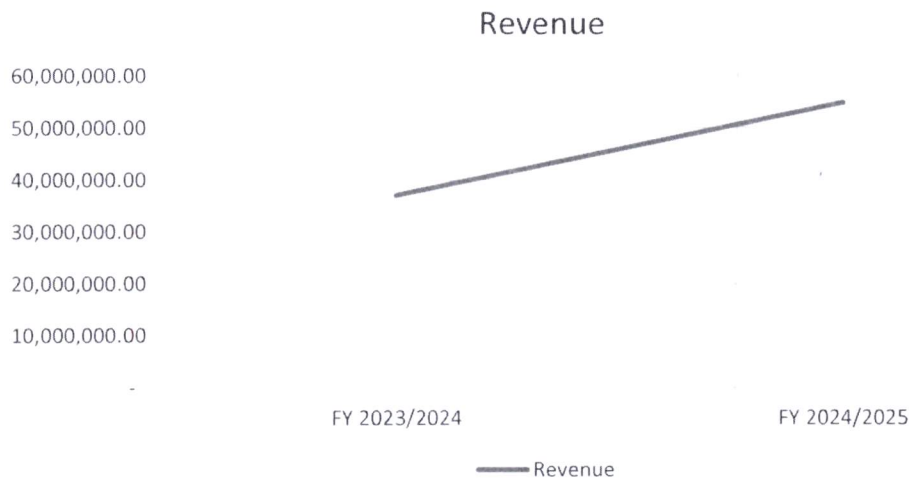
- Cash collection
- NHIF/SHA collections

During the Period ended 30<sup>th</sup> June 2025 the hospital made a total net collection of ksh 54,781,079.25 and incurred a medical loss of ksh 2,247,607.00.00 through Waivers and exemptions. This reflected an increase of ksh 17,759,953.25 compared to the same Period last financial year which the net collection was Ksh 37,021,126.00. However, despite the slight increase in revenue, NHIF reimbursements are still unpaid,

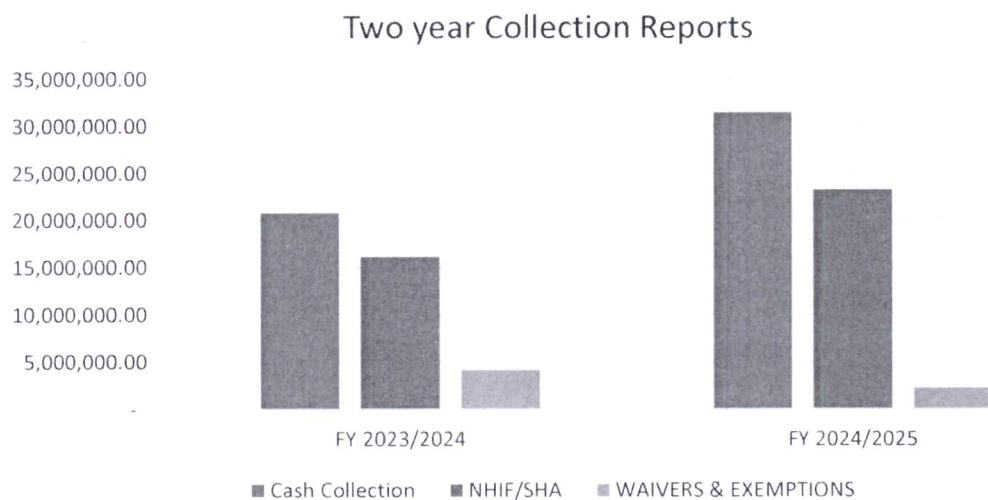
On expenditure the hospital incurred a total expenditure of ksh 46,832,354.83 of which the Top expenditures were as follows:

- Employee costs - Ksh 14,361,529.00
- Laboratory Supplies - Ksh 3,033,741.00
- Dressing and Non-pharmaceuticals - Ksh 2,768,016.00
- Medical Drugs - ksh 2,112,613.00

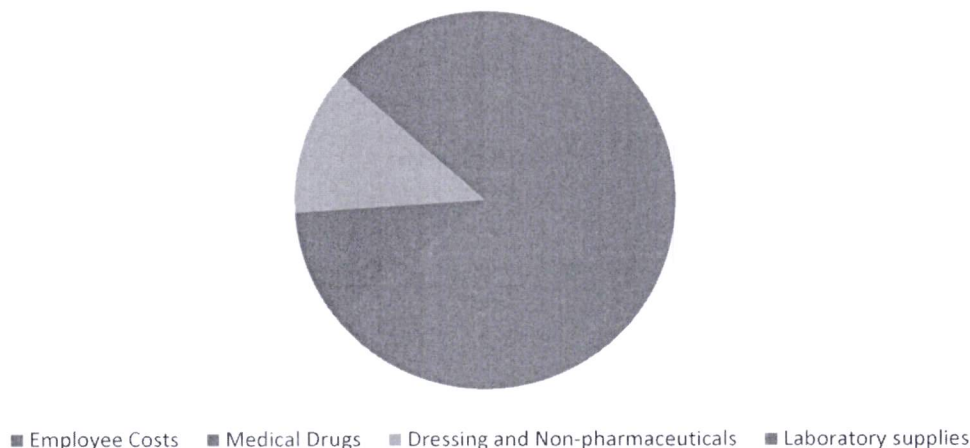
**Two-Year Consolidated Revenue**



**Two Year Comparative Annual Collections**



Expenditure



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

BSCH exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

##### ***Sustainability strategy and profile***

BSCH and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and resource mobilization and financing capabilities with an objective of ensuring that BSCH going concern is secured. The hospital has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options which include:

- Expanding the scope of services
- Public private partnership (PPP)
- Enhancing client satisfaction through quality service care
- Lobbying for more engagement with other insurance firms

##### ***i) Environmental performance***

BSCH is using the National Health care waste management policy guideline which is guiding us in the management of waste that we generate in the facility and we have a copy.

The Human Resource Manual procedures also provides for guidelines and standards for the prevention and protection of officer against accidents and occupational hazards arising at the work place. It provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted while and in the course of employment.

**iii) Market place practices-**

**a) Responsible competition practice.**

This is effectively done through use of Hospital Hot line which is displayed on all strategic places in the Hospital which clients can access and call when need be or for inquiries.

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

Ensures best involvement of suppliers in the tendering process and feedback given to suppliers in good time.

**c) Responsible marketing and advertisement**

*Outline efforts to maintain ethical marketing practices.*

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

This is effectively done by the hospital through medical outreaches .

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

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

**Principal activities**

The principal activities of the entity are to provide quality and affordable preventive, promotive, rehabilitative and curative health services in Bahati Sub- County and Its environs.

**Results**

The results of the entity for the year ended 30<sup>th</sup> June 2025 are set out on page 1 to 8

**Board of Management**

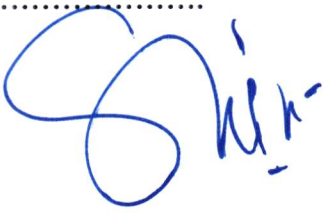
The members of the Board who served during the year are shown on page viii. All the Gazetted HMC members are still serving.

**Auditors**

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

By Order of the Board

  
.....  
Name

Secretary to the Board 

### **Successes**

- We have colour-coded bins(receptacles) at all generation points in the departments.
- There are segregation posters alongside the receptacles to guide in the segregation of waste.
- We have a burning chamber that helps us in waste management and we only dispose off non-contaminated waste to the ash pits.
- The general Cleanliness of the facility is well maintained both indoors and grounds
- Planting of tree around the hospital compound.

### **Challenges**

- Inadequate funds to acquire a modern waste disposal equipment.
- Shortage of staffs.
- More waste generation, this overworks the waste disposal equipment (Burning unit).

### **ii) Employee welfare**

The hiring process is the mandate of the county public service Board reference made from the public service commission Human Resource Manual Procedures May 2016, mentioned in section B which provides the rules governing recruitment and appointment of new officers.

Improvement of employee skills and career management is done through employee sponsorship to further their studies in line with their careers. This is done by sponsorship and supporting employees to attend short courses offered by government institutions.

Training programs are based on identified needs from the training needs assessments and are emphasized for performance improvement addressing both individual and organizational goals.

Performance Management System is a process conducted by the employer to identify areas of weakness and support the individuals in order to get better results. Its an annual exercise intended to provide employees with clear understanding of job expectations, regular feedback on performance, advice and steps for improving performance, rewards for good performance and actions for poor performance. It helps to measure performance and ultimately the achievement of intended results for the organization.

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

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

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

The Board of Management accepts responsibility for the *entity’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity’s* financial statements give a true and fair view of the state of *entity’s* transactions during the financial year ended June 30, 2025, and of the *entity’s* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity’s* financial statements as well as the adequacy of the systems of internal financial control.

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

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

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 15.08.2021 and signed on its behalf by:

.....  
*Moses Mwatia*

Name: *Moses Mwatia*

Chairperson

Board of Management

.....  
*Shirley W. Ochieng'*  
K.O.

Name:

Accounting Officer

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON BAHATI SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NAKURU**

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### **PREAMBLE**

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Bahati Sub - County Level 4 Hospital – County Government of Nakuru set out on pages 1 to 74, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the

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 Bahati Sub - County Level 4 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 the Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

The statement of financial performance reflects a net surplus for the year amount of Kshs.4,288,385. However, Note 42 to the financial statements reflects an amount of Kshs.5,981,878 resulting in an unexplained variance of Kshs.1,693,493.

The statement of financial position reflects total net assets (accumulated surplus and capital fund) balance of Kshs.124,034,919. However, the statement of changes in net assets reflects an amount of Kshs.124,022,919 resulting in an unexplained variance of Kshs.12,000.

The statement of cash flows reflects net cash outflows used in investing activities amount of Kshs.7,270,267. However, no details have been provided in the statement to indicate what the amount represents.

Further, the statement of cash flows reflects net increase in cash and cash equivalents amount of Kshs.767,961. However, the recomputed amount is Kshs.678,457 resulting in an unexplained variance of Kshs.89,504.

Note 42 to the financial statements reflects increase in receivables amount of Kshs.717,078. However, the statement of financial position reflects an amount of Kshs.1,374,470 resulting in an unexplained variance of Kshs.657,392. In addition, the Note has not disclosed the effect of the increase in inventories on the cash flows of the Hospital for the year.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **2. Unsupported Depreciation and Amortization Expense**

The statement of financial performance reflects depreciation and amortization expense amount of Kshs.4,307,261 as disclosed in Note 18 to the financial statements. Review of the significant accounting policies in the financial statements, supporting schedules and

the computations for depreciation and amortization expenses revealed that Management has not disclosed the adopted depreciation and amortization policy.

In the circumstances, the accuracy and completeness of depreciation and amortization expense amounting to Kshs.4,307,261 could not be confirmed.

### **3. Unsupported and Undisclosed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.110,339,333 as disclosed in Note 32 to the financial statements. However, Management did not provide a valuation report for the assets of the Hospital including the balance of Kshs.110,016,438 in respect of land, buildings and civil works and motor vehicles that were transferred from the County Government to the Hospital in the financial year 2023/2024.

Physical verification conducted at the Hospital premises in the month of September, 2025, revealed that there were capital works in progress and donations of an undetermined value which were disclosed in the financial statements but the respective values were not indicated. In addition, the asset register provided for audit verification was incomplete and it lacked crucial details such as asset serial number, asset tag number, date of purchase and the value of the assets.

In the circumstances, the accuracy, completeness, ownership and valuation of property plant and equipment balance of Kshs.110,339,333 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bahati Sub - County Level 4 Hospital – County Government of Nakuru Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital for the financial year 2024/2025 revealed that the following twelve (12) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported In-Kind Contribution from Executive
2	2023/2024	Long Outstanding Trade Other Receivables
3	2023/2024	Long Outstanding Accounts Payables
4	2023/2024	Unsupported and Undisclosed Assets
5	2023/2024	Unsupported Inventory
6	2023/2024	Inaccuracy in the Statement of Comparison of Budget and Actual Amounts
7	2023/2024	Failure to Transfer Revenue to the County Revenue Fund Account
8	2023/2024	Irregular Engagement of Casual Workers
9	2023/2024	Non-Compliance with Requirements on Universal Health Care (UHC)
10	2023/2024	Failure to Prepare the Budget
12	2023/2024	Weak Internal Controls in Inventory Management

### Other Information

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

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

### REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

#### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way

## **Basis for Conclusion**

### **1. Lack of Approved Tariff Structure for Hospital Services**

The statement of financial performance and Note 11 to the financial statements reflect rendering of services – medical service income amount of Kshs.77,670,398. Review of records revealed that although the Hospital collected revenue from patients for services offered, there was no evidence of approval of the price list or tariff used to charge for services rendered. This was contrary to Regulation 65 (2) and (3) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall obtain approval from the County Treasury for the proposed tariff structure; and information on the tariff structure shall be disclosed in the annual report, including information on exemptions, discounts, free services and any other aspect of material influence on the revenue yield. The Hospital may be losing revenue due to irregular and unapproved pricing of services rendered to the public

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

### **2. Procurements without Valid Contracts**

The statement of financial performance for reflects medical/clinical costs amounting to Kshs.35,090,872 as disclosed in Note 15 to the financial statements. Included in the expenditure are amounts of Kshs.505,673, Kshs.2,639,315, Kshs.1,261,898, Kshs.792,539 and Kshs.2,049,880 paid to five (5) suppliers of pharmaceuticals, non-pharmaceuticals and other medical supplies. However, procurement records such as tender advertisement, tender opening minutes, tender evaluation minutes and contract agreements were not provided for audit review. Further, Management explained that the respective contracts were procured by Nakuru County Referral and Teaching Hospital and consequently Bahati Sub County Level 4 Hospital were instructed to use them in acquisition of goods and services contrary to the law and regulations. This was contrary to Section 162 (4) of the Public Procurement and Asset Disposal Act, 2015 which states that all procured items assigned for use by a public or state officer shall be requisitioned from and issued by the head of the procurement function of a procuring entity.

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

### **3. Long Outstanding Receivables from Exchange Transactions Balance**

The statement of financial position reflects trade and other receivables balance of Kshs.18,842,000 as disclosed in Note 29 to the financial statements. However, review of the ageing analysis revealed that debts totaling Kshs.10,323,259 or 55% of the total receivables had been outstanding for over one (1) year without recovery. In addition, Management did not make any provision for bad and doubtful debts in the financial statements. Further, actions taken by Management to enforce the settlement of the outstanding debts were not provided for audit verification.

In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs.10,323,259 could not be confirmed.

#### 4. Long Outstanding Trade and Other Payables Balance

The statement of financial position and Note 36 to the financial statements reflects a balance of Kshs. 22,638,102 as trade and other payables. A review of the aging analysis showed that trade payables worth Kshs. 18,469,885 had been outstanding for over one (1) year. However, the Hospital has not put in place any payment plan to clear these long overdue payables.

In the circumstances, the Hospital may incur additional and avoidable costs related to interest and penalties due to the continued delay in settling the long outstanding debts.

#### 5. Deficiencies in Implementation of Universal Health Care (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by sixty-two (62) staff requirements or 61% of the authorized establishment as detailed in the table below:

Medical Personnel	Requirement for Level 4 Hospitals	Number in the Hospital	Variance	Adequate/ Inadequate
Medical Officers	16	7	9	Inadequate
Anesthesiologists	2	0	2	Inadequate
General Surgeons	2	0	2	Inadequate
Gynecologists	2	1	1	Inadequate
Pediatricians	2	1	1	Inadequate
Radiologists	2	0	2	Inadequate
Kenya Registered Community Health Nurses	75	30	45	Inadequate
<b>Total</b>	<b>101</b>	<b>39</b>	<b>62</b>	

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

Equipment/ Machines	Requirement for Level 4 Hospitals	Number in the Hospital	Variance	Adequate/ Inadequate
Beds	150	65	85	Inadequate
Resuscitators (Two (2) In Labour Ward and One (1) In Theatre)	3	2	1	Inadequate
New Born Unit - Incubators and Five (5) Cots	5	4	1	Inadequate
New Born Unit Cots	5	2	3	Inadequate
Functional Intensive Care Unit - Beds	6	0	6	Inadequate

Equipment/ Machines	Requirement for Level 4 Hospitals	Number in the Hospital	Variance	Adequate/ Inadequate
High Dependency Unit - Beds	6	0	6	Inadequate
Renal Unit With At Least 5 Dialysis Machines	5	0	5	Inadequate
Two Functional Operating Theaters Maternity and General	2	1	1	Inadequate

These deficiencies contravene the First Schedule of Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to health care services, including reproductive health care as required by Article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

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

## 6. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 Hospitals revealed that Bahati Sub - County Level 4 Hospital collected an amount of Kshs.51,991,146 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.51,991,146 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.54,545,707 as having been received from the FIF account resulting in an unexplained over disbursed amount of Kshs.2,554,561. This was contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

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

### Conclusion

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

## **Basis for Conclusion**

### **Improper Maintenance of Non-Pharmaceutical and Cleaning Equipment Stores**

The statement of financial position and Note 31 to the financial statements reflects inventories balance of Kshs.5,651,891 as at 30 June, 2025. However, audit inspection of the Hospital's stores conducted in the month of October, 2025, revealed that Management failed to maintain a well-organized, clean and safe custody of non-pharmaceutical and cleaning equipment stores. Both cleaning equipment and non-pharmaceutical materials and equipment were not labeled and well-arranged for ease of trace and access when required. Several items were left on the floor getting damp subjecting them to wastage and loss.

In the circumstances, the effectiveness of internal controls in relation to management of inventories could not be confirmed.

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

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

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

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

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

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

The Board of Management is responsible for overseeing the Hospital's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

**Nairobi**

**09 December, 2025**

*BAHATI SUB-COUNTY Hospital (Nakuru County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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


Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	120,754,656.00	124,770,463.00
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
		<b>120,754,656.00</b>	<b>124,770,463.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	77,670,398.00.00	54,391,643.00
Revenue from rent of facilities	12	52,000.00	12,000.00
Finance /Interest Income	13		
Miscellaneous Income	14	183,372.00	71,013.00
<b>Revenue from exchange transactions</b>		<b>77,905,770.00</b>	<b>54,474,656.00</b>
<b>Total revenue</b>		<b>198,660,426.00</b>	<b>179,245,119.00</b>
<b>Expenses</b>			
Medical/Clinical costs	15	35,090,872.00	28,103,176.00
Employee costs	16	134,396,995.00	138,371,228.00
Board of Management Expenses	17	360,500.00	345,500.00
Depreciation and amortization expense	18	4,307,261.00	1,661,583.00
Repairs and maintenance	19	3,639,658.00	1,998,076.00
Grants and subsidies	20		
General expenses	21	14,329,148.00	7,072,063.00

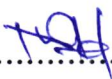
**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**


Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Finance costs	22		
<b>Total expenses</b>		<b>192,124,434.00</b>	<b>177,551,626.00</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		
Medical services contracts Gains/Losses	25	(2,247,607.00)	4,209,277.00
Impairment loss	26		
Gain on foreign exchange transactions			
<b>Total other gains/(losses)</b>		<b>(2,247,607.00)</b>	<b>4,209,277.00</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>4,288,385.00</b>	<b>5,902,770.00</b>

*(The notes set out on pages 10 to 64 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 15.08.2025 and signed on its behalf by:

  
 Chairman  
 Board of Management

  
 Head of Finance  
 ICPAK No: 33144

  
 Medical Superintendent

*BAHATI SUB-COUNTY Hospital (Nakuru County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

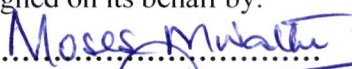
Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	11,839,797.00	11,071,837.00
Prepayments	28		
Receivables from exchange transactions	29	18,842,000.00	17,467,530.00
Receivables from non-exchange transactions	30		
Inventories	31	5,651,891.00	4,231,639.00
<b>Total Current Assets</b>		<b>36,333,688.00</b>	<b>32,771,006.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	110,339,333.00	114,388,582.00
Intangible assets	33		
Investment property	34		
Biological Assets	35		
<b>Total Non-current Assets</b>		<b>110,339,333.00</b>	<b>114,388,582.00</b>
<b>Total assets (A)</b>		<b>146,673,021.00</b>	<b>147,159,588.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	22,638,102.00	22,572,689.00
Refundable deposits from Patients/Prepayments	37		
Provisions	38		
Finance lease obligation	39		
Current portion of deferred income	40		


**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

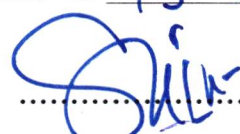
Description	Note	Insert Current	Insert Comparative
		FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Current portion of borrowings	41		
<b>Total Current Liabilities</b>		<b>22,638,102.00</b>	<b>22,572,689.00</b>
<b>Non-current liabilities</b>			
Provisions	38		
Non-Current Finance lease obligation	39		
Non-Current portion of deferred income	40		
Non - Current portion of borrowings	41		
Service concession Arrangements	42		
<b>Total non-current liabilities</b>			
<b>Total Liabilities (B)</b>		<b>22,638,102.00</b>	<b>22,572,689.00</b>
<b>Net assets (A-B)</b>		<b>124,034,919.00</b>	<b>124,586,899.00</b>
<b>Represented by:</b>			
Revaluation reserve			
Accumulated surplus/Deficit		5,981,878.00	5,730,037.00
Capital Fund		118,053,041.00	118,856,862.00
<b>Net Assets</b>		<b>124,034,919.00</b>	<b>124,586,899.00</b>

(The notes on pages 10 to 64 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 15.08.2025 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
 ICPAK No: 331fy

  
 .....  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2023 (previous year)</b>				
Revaluation gain				
Surplus/(deficit) for the year		(172,733.00)		(172,733.00)
Capital/Development grants				
<b>As at June 30, 2024 (previous year)</b>		<b>1,693,493.00</b>		<b>(172,733.00)</b>
<b>At July 1, 2024 (current year)</b>		<b>1,693,493.00</b>		<b>(172,733.00)</b>
Revaluation gain				
Surplus/(deficit) for the year		4,288,385.00		(4,288,385.00)
Capital/Development grants				
<b>At June 30, 2025 (current year)</b>		<b>5,981,878.00</b>	<b>118,041,041.00</b>	<b>124,022,919.00</b>

*(Note:*

- The statement cannot give a true figure because some assets are yet to be revalued and therefore have been identified at Kshs 1(one).*

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

Description	Note	Insert Current	Insert Comparative FY
		FY 2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		54,545,707.00	36,931,114.00
Revenue from rent of facilities		52,000.00	19,000.00
Finance / interest income			
Miscellaneous receipts( <i>sale of water, containers</i> )		183,372.00	71,013.00
<b>Total Receipts</b>		<b>54,781,079.00</b>	<b>37,021,127.00</b>
<b>Payments</b>			
Medical/Clinical costs		14,105,424.00	10,372,828.00
Employee costs		14,361,529.00	15,093,979.00
Board of Management Expenses		360,500.00	345,500.00
Repairs and maintenance		3,639,658.00	1,998,076.00
Grants and subsidies			
General expenses		12,676,494.00	6,047,537.00
Finance costs			

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Refunds paid out			
<b>Total Payments</b>		<b>45,143,605.00</b>	<b>33,857,920.00</b>
<b>Net cash flows from operating activities</b>	43	<b>9,637,474.00</b>	<b>3,163,207.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(1,688,750.00)	(992,805.00)
Purchase of intangible assets			
Proceeds from the sale of PPE			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>		<b>(1,688,750.00)</b>	<b>(992,805.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
<b>Net cash flows used in financing activities</b>		<b>(7,270,267.00)</b>	<b>(155,633.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>767,961.00</b>	<b>(2,014,769.00)</b>
Cash and cash equivalents as at 1 July	27	11,071,837.00	9,057,068.00
<b>Cash and cash equivalents as at 30 June</b>	27	<b>11,839,797.00</b>	<b>11,071,836.00</b>

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

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

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	326,079.00					
<b>Receipts</b>						
Transfers from the County Government						
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations						
Rendering of services- Medical Service Income	59,861,903.00		59,861,903.00	54,545,707.00		91%
Revenue from rent of facilities	60,000.00		60,000.00	52,000.00		86%
Finance / interest income						
Miscellaneous receipts (sale of water, containers)	200,000.00		200,000.00	183,372.00		92%
<b>Total receipts</b>	<b>60,121,903.00</b>		<b>60,121,903.00</b>	<b>54,781,079.00</b>		<b>91%</b>
<b>Payments</b>						
Medical/Clinical costs	14,109,415.00		14,109,415.00	14,105,424.00	3,991.00	100%
Employee costs	14,669,794.00		14,669,794.00	14,361,529.00	308,265.00	98%
Remuneration of directors	360,500.00		360,500.00	360,500.00	0.00	100%

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Repairs and maintenance	3,642,484.00		3,642,484.00	3,639,658.00	2,826.00	100%
Grants and subsidies						
General expenses	12,683,141.00		12,683,141.00	12,676,494.00	6,647.00	100%
Finance costs						
Refunds						
<b>Total Operational Expenditure paid</b>	<b>45,465,334.00</b>		<b>45,465,334.00</b>	<b>45,143,605.00</b>	<b>321,729.00</b>	<b>100%</b>
<b>Capital Expenditure paid</b>	<b>1,688,750.00</b>		<b>1,688,750.00</b>	<b>1,688,750.00</b>		
<b>Surplus</b>	<b>7,626,995.00</b>		<b>7,626,995.00</b>	<b>7,948,724.00</b>		

*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

:

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	7,948,724.00
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	

***BAHATI SUB-COUNTY Hospital (Nakuru County Government)***  
***Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025***

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4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	11,839,797.00

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

### **1. General Information**

BSCH entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is provide curative, preventive and promotive health services.

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

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

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

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

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

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

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

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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

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

**iii) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a. Revenue recognition**

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

**Transfers from other Government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's

net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**Rental income**

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

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

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on **xxxx**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of **xxxx** on the FY **xxx** budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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 **xxx** 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

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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.

NOTE:

Depreciation Rates from National Assets and Liabilities Management.

<b>PPE Item</b>	<b>Depreciation Rate</b>
<b>Land</b>	
<b>Buildings</b>	<b>10%</b>
<b>Motor vehicles</b>	<b>15%</b>
<b>Furniture and fittings</b>	<b>12.5%</b>
<b>Computers &amp; ICT Equipment</b>	<b>33.3%</b>

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

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

### **Financial assets**

#### **Classification of financial assets**

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

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

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

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

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are

translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

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

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

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

#### **Provisions**

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

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**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

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

**6 b Transfers from The County Government**

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

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*(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Salaries and wages	120,035,466.00	122,335,936.00
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)(KEMSA)	719,190.00	2,434,527.00
Utility bills		
<b>Total grants in kind</b>	<b>120,754,656.00</b>	<b>124,770,463.00</b>

*(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)*

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**8. Grants From Donors and Development Partners**

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

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

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

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**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from xxx National Hospital		
Transfer from xxx Institute		
<b>Total Transfers</b>		

**10. Public Contributions and Donations**

Description	Insert Current FY 2024/2025	Insert Comparative 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		
<b>Total donations and sponsorships</b>		

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

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

**Notes to Financial Statements Continued**

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

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	3,837,855.00	2,993,196.00
Non-Pharmaceuticals	1,949,295.00	1,384,580.00
Laboratory	5,613,265.00	4,487,349.00
Radiology	4,610,500.00	3,718,050.00
Orthopedic and Trauma Technology	672,200.00	676,150.00
Theatre	792,500.00	433,850.00
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service	66,450.00	28,800.00
Cancer centre service		
Dental services	821,500.00	643,650.00
Reproductive health	4,501,052.00	23,150.00
Paediatrics services		
Farewell home services		
Ambulance services		
Medical Examination	672,740.00	588,969.00
Outpatient Services	1,074,680.00	919,287.00
Physiotherapy	242,300.00	231,000.00
Occupational therapy	26,400.00	45,600.00
NHIF/SHA	47,287,159.00	33,616,244.00
Records	3,836,350.00	4,018,318.00
Consultation	289,002.00	0.00
Special clinics	912,300.00	0.00
Eye Clinic	7,600.00	0.00
Other medical services income	457,250.00	583,450.00

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<i>(Attachment, Mch, Research)</i>		
<b>Total revenue from the rendering of services</b>	<b>77,670,398.00</b>	<b>54,391,643.00</b>

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

**12. Revenue From Rent of Facilities**

Description	Insert Current FY	Insert Comparative FY
	2024/2025	2023/2024
	Kshs	Kshs
Residential property	52,000.00	12,000.00
Commercial property		
<b>Total Revenue from rent of facilities</b>	<b>52,000.00</b>	<b>12,000.00</b>

Note: BSCH Management gave out a space for placement of a portable kiosk/shop of which the owner pays a space rental amount of Kshs 1,000.00 pm also there are residential houses in the hospital where nurses are residing and paying for rent every month.

**13. Finance /Interest Income**

Description	Insert Current FY 2024/2025	Insert Comparative 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		

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Interest income from Treasury Bonds		
Interest from outstanding debtors		
<b>Total finance income</b>		

**14. Miscellaneous Income**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)	183,372.00	71,013.00
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
<b>Total Miscellaneous income</b>	<b>183,372.00</b>	<b>71,013.00</b>

*(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified)*

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

**15. Medical/ Clinical Costs**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Dental costs/ materials		
Laboratory chemicals and reagents	5,459,590.00	4,140,226.00
Public health activities		
Food and Ration	5,379,271.00	4,092,986.00
Uniform, clothing, and linen	495,450.00	314,210.00
Dressing and Non-Pharmaceuticals	14,383,376.00	11,162,193.00
Pharmaceutical supplies	5,706,375.00	5,287,370.00
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	2,486,698.00	2,035,797.00
Purchase of Medical gases	624,820.00	388,573.00
X-Ray/Radiology supplies	555,292.00	458,892.00
Other medical related clinical costs ( <i>specify</i> )		
<b>Total medical/ clinical costs</b>	<b>35,090,872.00</b>	<b>28,103,176.00</b>

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

**16. Employee Costs**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances(County)	120,035,466.00	122,335,936.00
Contributions to pension schemes	710,512.00	941,313.00
Service gratuity		
Performance and other bonuses		

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Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs ( <i>Hospital Contracted</i> )	13,651,017.00	15,093,979.00
<b>Employee costs</b>	<b>134,396,995.00</b>	<b>138,371,228.00</b>

*(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)*

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

**17. Board of Management Expenses**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	360,500.00	345,500.00
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
<b>Total</b>	<b>360,500.00</b>	<b>345,500.00</b>

**18. Depreciation and Amortization Expense**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	4,307,261.00	1,661,583.00
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>4,307,261.00</b>	<b>1,661,583.00</b>

**19. Repairs And Maintenance**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Property- Buildings	972,078.00	625,245.00
Medical equipment	716,200.00	473,150.00
Office equipment	544,100.00	362,476.00
Furniture and fittings	193,800.00	138,000.00
Computers and accessories	361,385.00	260,370.00
Motor vehicle expenses	184,995.00	138,835.00
Maintenance of civil works	667,100.00	0.00
<b>Total repairs and maintenance</b>	<b>3,639,658.00</b>	<b>1,998,076.00</b>

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

**20. Grants And Subsidies**

Description	Insert Current FY 2024/2025	Insert Comparative 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> )		
<b>Total grants and subsidies</b>		

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

**21. General Expenses**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	222,427.00	193,895.00
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	8,549.00	9,585.00
Conferences and delegations		
Consultancy fees		
Contracted services	859,992.00	539,928.00

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Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Electricity expenses	1,897,939.00	1,819,224.00
Fuel and Lubricants	800,000.00	828,724.00
Other fuel	292,550.00	183,800.00
Insurance		
Research and development expenses		
Travel and accommodation allowance	168,300.00	198,600.00
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	2,332,342.00	1,536,277.00
Hire charges		
Rent expenses		
Water and sewerage costs		
Skills development levies		
Telephone and mobile phone services	695,999.00	649,160.00
Internet expenses	240,120.00	0.00
Staff training and development		
Subscriptions to professional bodies	443,427.00	125,085.00
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
Fire Fighting	16,000.00	12,000.00
Supplies and accessories for computer	356,940.00	226,600.00
General office supplies	772,195.00	718,700.00
Purchase of utensils	36,205.00	30,485.00
Write offs	5,186,163.00	0.00
<b>Total General Expenses</b>	<b>14,329,148.00</b>	<b>7,072,063.00</b>

**22. Finance Costs**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
<b>Total finance costs</b>		

*(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)*

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

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

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

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Investments at fair value		
<b>Total gain</b>		

Notes to the Financial Statements (Continued)

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

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions	2,247,607.00	4,209,277.00
<b>Total Gain/Loss</b>	<b>2,247,607.00</b>	<b>4,209,277.00</b>

**26. Impairment Loss**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
<b>Total impairment loss</b>		

**27. Cash And Cash Equivalents**

Description	Insert Current FY	Insert Comparative
	2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	11,839,797.00	11,071,837.00
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others( <i>specify</i> )- Mobile money		
<b>Total cash and cash equivalents</b>	<b>11,839,797.00</b>	<b>11,071,837.00</b>

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

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

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

<b>Description</b>		<b>Insert Current FY 2024/2025</b>	<b>Insert Comparative FY 2023/2024</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank	<b>1156245524</b>	<b>11,839,797.00</b>	<b>11,071,837.00</b>
Equity Bank, etc			
<b>Sub- total</b>			
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank – etc			
<b>Sub- total</b>			
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>			
<b>d) Others(<i>specify</i>)</b>			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>		<b>11,839,797.00</b>	<b>11,071,837.00</b>

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

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**28. Prepayments**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
Total		

**29. Receivables From Exchange Transactions**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Medical services receivables	18,842,000.00	17,460,530.00
Rent receivables		7,000.00
Other exchange debtors		
Less: impairment allowance		
<b>Total receivables</b>	<b>18,842,000.00</b>	<b>17,467,530.00</b>

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

**Analysis of Receivables From Exchange Transactions**

Description	Insert Current FY 2024/2025		Insert Comparative FY 2023/2024	
	Kshs		Kshs	
	Current FY 2024/2025	% of the total	Comparative FY 2023/2024	% of the total
Less than 1 year	8,518,741.00	45%	5,152,630.00	30%
Between 1- 2 years	5,920,359.00	31%	12,314,900.00	70%
Between 2-3 years	4,402,900.00	24%	0.00	%
Over 3 years				%
<b>Total (a+b)</b>	<b>18,842,000.00</b>	<b>100%</b>	<b>17,467,530.00</b>	<b>100%</b>

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
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**30. Receivables From Non-Exchange Transactions**

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

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

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

Description	Insert Current FY 2024/2025		Insert Comparative 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		%		%
<b>Total (a+b)</b>		%		%

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
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**31. Inventories**

Description	Insert Current FY	Insert Comparative FY
	2024/2025	2023/2024
	KShs	KShs
Non-Pharmaceutical supplies	1,729,381.00	4,231,639.00
Maintenance supplies		
Pharmaceuticals	3,210,967.00	
Food supplies	24,572.00	
Linen and clothing supplies		
Cleaning materials supplies	46,760.00	
General supplies	107,950.00	
Dental supplies	17,000.00	
Printing and publishing	57,000.00	
Equipment's	113,000.00	
Laboratory supplies	345,261.00	
Less: provision for impairment of stocks		
<b>Total</b>	<b>5,651,891.00</b>	<b>4,231,639.00</b>

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
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**Detailed disclosure on inventories**

	<b>Insert Current FY 2024/2025</b>	<b>Insert Comparative FY 2023/2024</b>
Opening balance	4,231,639.00	
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance	5,651,891.00	4,231,639.00

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2021 (previous year)									
Additions									
Disposals									
Transfers/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2022</b>									
At 1 July 2022 (current year)									

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Additions				27,850.00	1,266,500.00	423,405.00			1,717,755.
Depreciation for the year									
Disposals									
Transfer/adjustments									
Revaluation Adjustments									
<b>At 30<sup>th</sup> Jun 2023</b>				<b>230,230.00</b>	<b>1,964,020.00</b>	<b>3,991,785.00</b>			<b>6,186,036.</b>
<b>Depreciation and impairment</b>		0.1	0.15	0.125	0.333	0.125			
At 1 July 2023 (previous year)				<b>230,230.00</b>	<b>1,964,020.00</b>	<b>3,991,785.00</b>			<b>6,186,036.</b>
Additions									
Depreciation for the year		349,229.00	5,068.00	33,597.00	681,389.00	592,300.00			1,661,583.
Disposals									
Impairment									

**BAHATI SUB-COUNTY Hospital (Nakuru County Government)**  
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Transfer	75,365,500.00	34,450,938.00	200,000.00						110,016,438.
<b>At 30 June 2024</b>	<b>75,365,500.00</b>	<b>34,800,167.00</b>	<b>205,068.00</b>	<b>330,827.00</b>	<b>2,745,409.00</b>	<b>5,409,891.00</b>			<b>118,856,862.</b>
At July 2024 (current year)	75,365,500.00	34,800,167.00	205,068.00	330,827.00	2,745,409.00	5,409,891.00			118,856,862.
Additions				365,800.00	210,000.00	1,112,950.00			1,688,750.
Depreciation		3,239,662.00	42,641.00	37,964.00	424,508.00	562,486.00			4,307,261.
Disposals									
Impairment									
Transfer/adjustment									
<b>At 30<sup>th</sup> June 2025</b>	<b>75,365,500.00</b>	<b>34,101,709.00</b>	<b>200,000.00</b>	<b>663,030.00</b>	<b>2,274,020.00</b>	<b>5,448,782.00</b>			<b>118,053,041.</b>
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	75,365,500.00	34,800,167.00	205,068.00	128,447.00	2,047,889.00	1,841,511.00			114,388,582.
At 30 <sup>th</sup> Jun 2025 (current)	75,365,500.00	27,455,600.00	157,359.00	625,066.00	1,849,512.00	4,886,296.00			110,339,333.

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

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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

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

**35. Biological Assets**

<b>Description</b>	<i>Insert Current FY 2024/2025</i>	<i>Insert Comparative FY 2023/2024</i>
	<b>Kshs</b>	<b>Kshs</b>
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
<b>Total</b>		

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**36. Trade and other Payables**

Description	Insert Current FY 2024/2025		Insert Comparative FY 2023/2024	
	KShs		KShs	
Trade payables	22,638,102.00		22,572,689.00	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	<b>22,638,102.00</b>		<b>22,572,689.00</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	4,168,217.00	18%	3,817,815.00	17%
1-2 years	15,434,030.00	68%	18,754,874.00	83%
2-3 years	3,035,855.00	14%	0.00	%
Over 3 years		%		%
<b>Total</b>	<b>22,638,102.00</b>	<b>100%</b>	<b>22,572,689.00</b>	<b>100%</b>

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

Description	Insert Current FY 2024/2025		Insert Comparative FY 2023/2024	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (specify)				
<b>Total deposits</b>				

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

**38. Provisions**

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

**39. Finance Lease Obligation**

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

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**40. Deferred Income**

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

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

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

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

**40. Borrowings**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
<b>Balance at beginning of the period</b>		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
<b>Balance at end of the period</b>		

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

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Current Obligation		
Non-Current Obligation		
<b>Total</b>		

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

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

**41. Service Concession Arrangements**

Description	Insert Current FY 2024/2025	Insert Comparative 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		

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**42. Cash Generated from Operations**

Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	KShs	KShs
Surplus for the year before tax	5,981,878.00	1,693,493.00
<b>Adjusted for:</b>		
Depreciation	4,307,261.00	1,661,583.00
Non-cash grants received		(2,434,527.00)
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
Increase in inventory		(4,231,639.00)
Increase in receivables	(717,078.00)	(12,280,579.00)
Increase in deferred income		
Increase in payables	65,413.00	18,754,876.00
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>9,637,474.00</b>	<b>3,163,207.00</b>

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

#### **43. Financial Risk Management**

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

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

##### **(i) Credit risk**

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

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	17,467,530.00			
Receivables from –non-exchange transactions				
Bank balances	11,071,837.00			
<b>Total</b>	<b>28,539,367.00</b>			
At 30 June 2025 (current year)				
Receivables from exchange transactions	18,842,000.00			
Receivables from –non-exchange transactions				
Bank balances	11,839,797.00			
<b>Total</b>	<b>30,681,797.00</b>			

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables		22,572,689.00		22,572,689.00
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>		<b>22,572,689.00</b>		<b>22,572,689.00</b>
<b>At 30 June 2025</b>				
Trade payables		4,168,217.00		4,168,217.00

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Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>		<b>4,168,217.00</b>		<b>4,168,217.00</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2024</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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

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

**Foreign currency sensitivity analysis**

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

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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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 xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/ ( <i>excess cash and cash equivalents</i> )		
<b>Gearing</b>		

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

**44. Related Party Balances**

**Nature of related party relationships**

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

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

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

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Description	Insert Current FY 2024/2025	Insert Comparative FY 2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx		
Sales of services to xxx		
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	360,500.00	345,500.00
Compensation to the medical Sup		
Compensation to key management		
<b>Total</b>	<b>360,500.00</b>	<b>345,500.00</b>

**45. Segment Information**

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

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

**46. Contingent Liabilities**

<b>Contingent liabilities</b>	<b>Insert Current FY 2024/2025</b>	<b>Insert Comparative FY 2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
<b>Total</b>		

*(Give details)*

**47. Capital Commitments**

<b>Capital Commitments</b>	<b>Insert Current FY 2024/2025</b>	<b>Insert Comparative FY 2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For		
Authorised And Contracted For		
<b>Total</b>		

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

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**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

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

**50. Currency**

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

**20. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Unsupported in kind contribution from Executive	Written official letter to the Chief Officer Health requesting the same information to be availed to us.Made copies of the letter and attached	Resolved	
2	Long outstanding Trade and other Receivables	We have made several reminders,calls and visits to NHIF Offices to have these settled and also engaged County leadership on the same.	Not Resolved	5years
3	Long Outstanding accounts	This is due to long outstanding	Not Resolved	5years

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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)
	payable	receivables and once paid we will clear all the outstanding trade payables		
4	Unsupported and Undiscloses Assets	Due to financial constraints the Hospital was not able to do valuation of assets,the management together with department of Finance will work on the issue of valuation of assets	Not Resolved	3years
5	Unsupported Inventory Balance	Inventories could have been skipped erroneously during Audit .However we made copies of the same and attached	Resolved	
6	Inaccuracy in the statement of Comparison of Budget and Actual Amounts	We provided the Table indicating how the Revenue were collected and actual expenditure	Resolved	

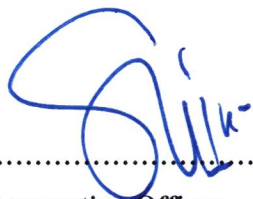
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.

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



.....  
**Accounting Officer**

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

**Projects**

Projects implemented by the Hospital Funded by development partners

<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
1 Building (Mother and Child)		Kingdom Seekers Fellowship Church	2 years			NO
2						

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**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Building(Mother and Child)	262,014,432.75		60%			Partner
2							
3							

Note: The cost of the project is derived from the Bill of Quantities prepared by County Government of Nakuru through department of Public works

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

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

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**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		

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**Appendix V: Disaster Expenditure Reporting Template**

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



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