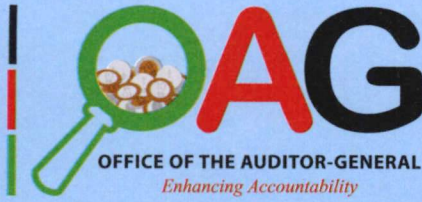


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

28

OF



THE AUDITOR-GENERAL

ON

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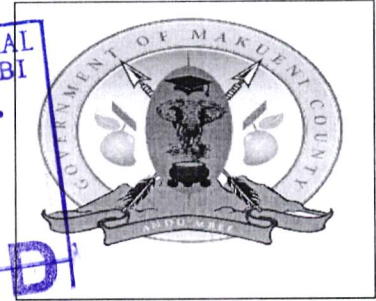
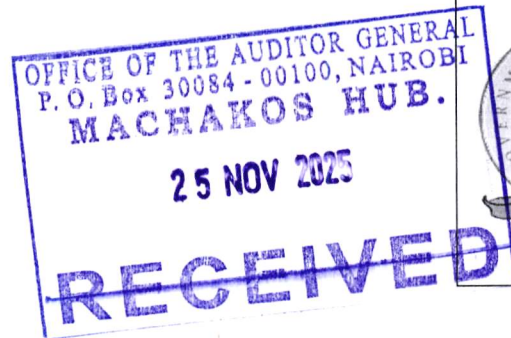
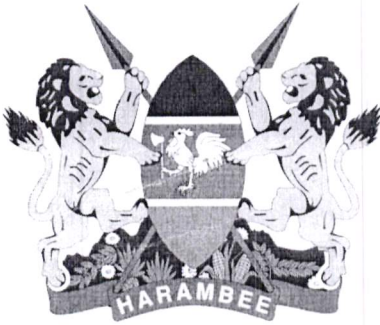
EMALI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

92

Revised 30<sup>th</sup> June 2025



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**Emali Level 4 Hospital  
(Makueni County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

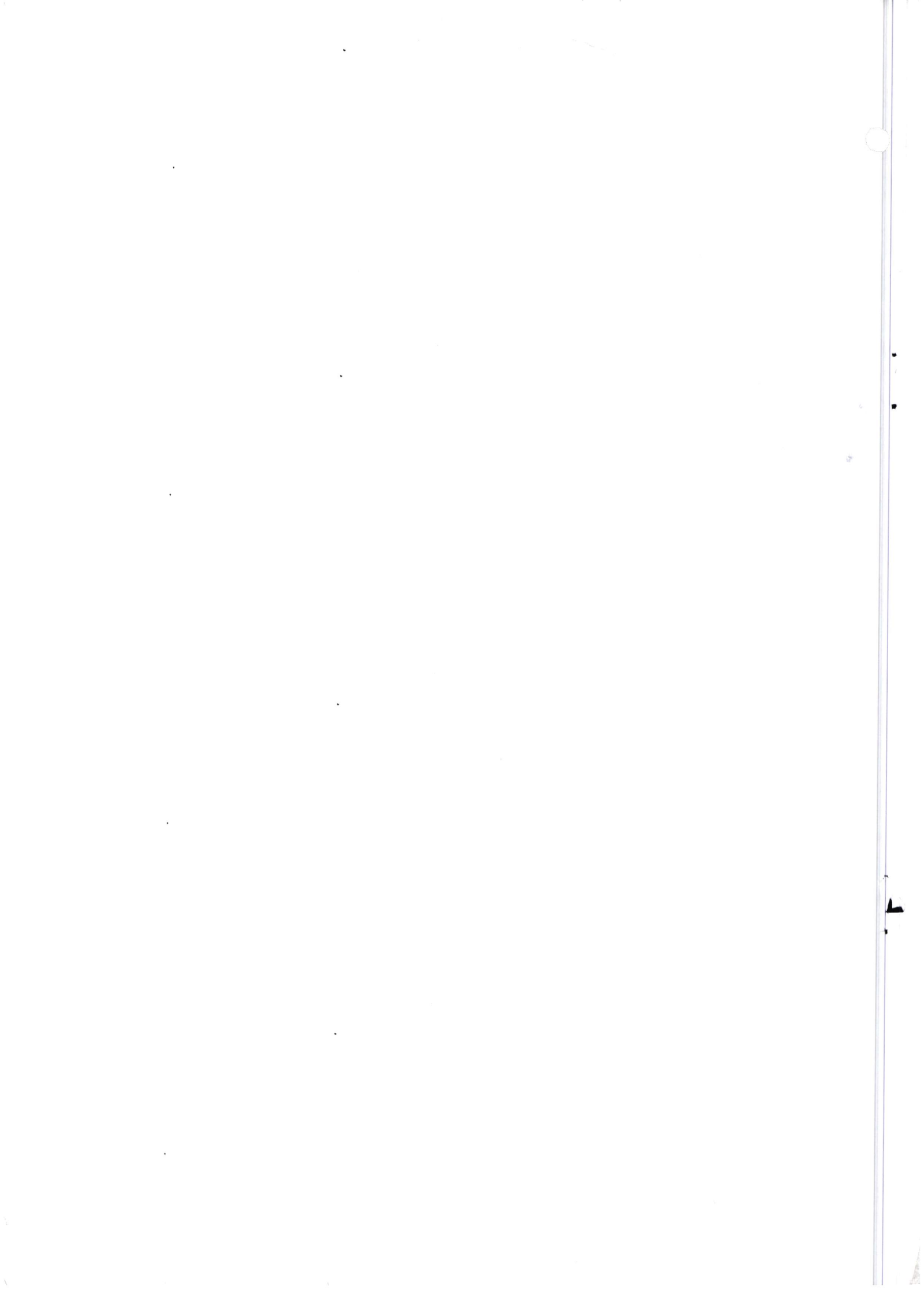


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**1. Acronyms & Glossary of Terms**

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

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

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

Emali Sub County Hospital is a level 4 hospital established under gazette notice number 5462 and is domiciled in Makueni County under the Health Department. The hospital lies along Mombasa road approximately 2kms from Emali market. The hospital sits on estimated 2.1 acres and is governed by a Board of Management.

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

The principal activity/mission/ mandate of the hospital is to promote and participate in the provision of intergrated and efficacious promotive, preventive, curative and rehabilitative health care services to all citizens.

#### **Visions**

An efficient and high-quality health care system that is accessible, equitable and affordable for all Kenyan.

#### **Mission**

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

#### **Strategic Objectives**

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

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

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

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

### **(d) Fiduciary Management**

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

No.	Designation	Name
1.	Medical Superintendent	<b>Mirriam Nyakio Maina</b>
2.	Head of finance	<b>Nelly Maingi Muli</b>
3.	Head of supply chain	<b>Jemimah Mueke Makau</b>
4.	Head of Supply Chain	<b>Asenath Mutevu</b>
5.	Head of Finance	<b>Shadrack Muema</b>

**(e) Fiduciary Oversight Arrangements**

• **Clinical Research and Standards Committee.**

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

The Committee is responsible for:

- Review the weekly ward round reports
- Review and reprioritize the utilization of Hospital clinical resources
- Set performance targets for clinical units
- Review various research findings and related policy documents
- Review clinical audit reports and follow-up on implementation of recommendations
- Updating the clinical staff on current treatment guidelines.
- Ensuring that all drug related events are reported.
- Carrying out mortality meetings and give feedback on the findings for action.

• **Risk Committee and Audit committee**

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

• **Hospital management committee**

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

- **Medical therapeutic committee**

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

- **Executive Expenditure committee**

This committee consists of the executive managers who meet on monthly basis to check the expenditure of the hospital. The committee also reviews revenue collection, banking and strengthens ways to generate more revenue from the departments. It also sets annual departmental revenue targets and consolidates quarterly departmental budgets for presentation to the Hospital Management Committee.

This committee comprises of 6 members as outlined below;

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

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

**(f) Entity Headquarters**

Emali Sub County Hospital  
P.o Box 8-90121 Emali  
Along Msa Road Highway  
Makueni, KENYA

**(g) Entity Contacts**

Telephone: (+254) 104398049  
E-mail: [email.hospital@makueni.go.ke](mailto:email.hospital@makueni.go.ke)  
Website: [www.makueni.go.ke](http://www.makueni.go.ke)

**(h) Entity Bankers**

The Kenya Commercial Bank  
Emali Branch

**(i) Independent Auditors**

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

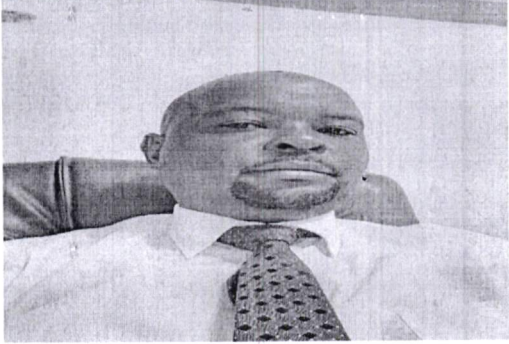
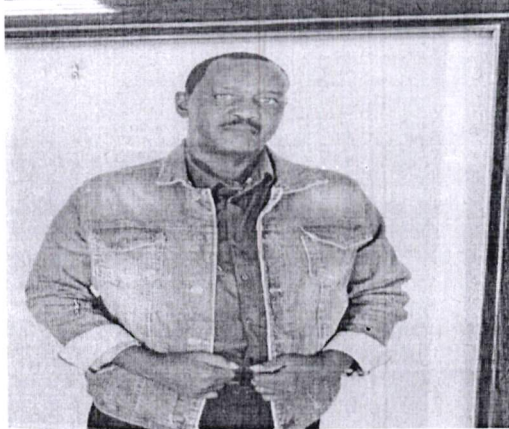

**(j) Principal Legal Adviser**


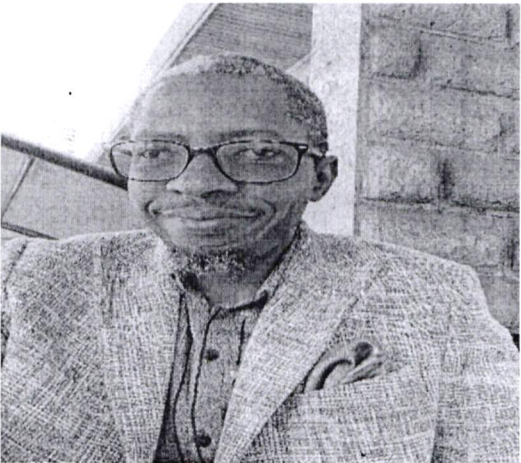
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya


**(k) County Attorney**

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




**3. The Board of Management**



Ref	Directors	Details
1.	 <p><b>Reuben Mutiso</b></p>	<p>He is the Chairman of Emali Level 4 Sub-County Hospital. He holds a Bachelor of Laws (LLB) degree and successfully completed the Advocates Training Program (ATP) at the Kenya School of Law. He is also an Advocate of the High Court of Kenya.</p>
2.	 <p><b>Mr. Gerald Kilei</b></p>	<p>He is a member of the Board at Emali Level 4 Sub County Hospital and a retired principal, having served in various schools across the country during his distinguished career in education. He holds bachelors in Education with second class degree honours.</p>
3.	 <p><b>Samuel Muteti</b></p>	<p>He is a Board Member at Emali level 4 Sub County Hospital. He holds a Diploma in Purchasing and Supplies Management and has completed Certified Public Accountants (CPA) Part II</p>

<p>4.</p>	 <p><b>Mirriam Nyakio Maina</b></p>	<p>She is the secretary to the board and as well as the Medical superintendent born the year 1989, Holds a Degree in clinical medicine and community Health from Mount Kenya University Holds a basic Diploma in Clinical Medicine and Surgery from KMTCC Meru Campus, Certificate in Leadership and Management from University of Washington</p>
<p>5.</p>	 <p><b>Dr. Patrick Musyoki</b></p>	<p>He is a dedicated member of the Emali level 4 Sub County Hospital Board with extensive experience in public health leadership and administration. He holds a Bachelor of Medicine and Surgery from the University of Nairobi, and has undertaken advanced training in:</p> <ul style="list-style-type: none"> <li>• Improving Quality of Care – Harvard University</li> <li>• Leadership and Governance – Washington University</li> <li>• CPA Section 3 – Strathmore University</li> <li>• Strategic Leadership Development Program (SLDP) – Kenya School of Government (KSG)</li> </ul> <p>with the following Career Highlights:</p> <ul style="list-style-type: none"> <li>• 2010–2014: Medical Officer, Makindu Sub-County / SCMOH Kibwezi West</li> <li>• 2014–2022: Chief Officer, Health Services, Makueni County</li> <li>• 2022–2025: Primary Healthcare Coordinator, Kaiti Sub-County</li> </ul> <p>Feb 2025 – Present: Sub-County Medical Officer of Health (SCMOH), Kibwezi West</p>

6.	 <p><b>Ruth Nzyuko</b></p>	<p>She is a Member at Emali level 4 Sub County Hospital</p> <p>she has a diploma in Theology from ukamba bible college. she is a long services member of the AIC church in Mwembeni and has been involved in numerous community projects.</p>
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**4. Key Management Team**

Ref	Management	Details
1.	 <b>Mirriam Nyakio Maina</b> <b>Medical Superintendent/ Facility-in-charge</b>	<p>She is the Medical superintendent born the year 1989, Holds a Degree in clinical medicine and community Health from Mount Kenya University Holds a basic Diploma in Clinical Medicine and Surgery from KMTC Meru Campus, Certificate in Leadership and Management from University of Washington,</p>
2.	 <b>Nelly Maingi Muli</b> <b>Health Administrative Officer</b>	<p>He is the Health Administrative Officer at Emali Level 4 Sub-County Hospital. He holds Diplomas in Business Management and Administration, as well as Information Technology, and has over 12 years of experience in the medical field within the public sector. Prior to his current role, he served as a Health Administrative Officer at Kisau Sub-County Hospital in the year 2023.</p>
3.	 <b>Jemimah Mueke Makau</b> <b>Nursing Officer in Charge</b>	<p>She is the Nursing Officer; she holds a diploma in Kenya Registered Community Health Nursing (KRCHN) at Kenya Medical Training College. She is a member of the committee.</p>

4.	 <p>Shadrack Muema Accountant</p>	<p>He has been contracted by the Facility due to staff shortage experienced in the County. Performs the day to day operations of the facility with supervision from the Accountants based at the County Head Quarters. He was engaged on 8<sup>th</sup> October 2024 and holds a Bachelor's degree in Commerce- Accounting</p>
5.	 <p>Name: Asenath Mutheu Mutevu</p>	<p>Aged 47yrs. Holds a Diploma in management, purchasing and supplies option from the Kenya Institute of Supplies Management. She heads the supply and stores department</p>

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

The FY 2024/25 was a year of mixed fortunes. The hospital continued to offer quality health care services despite the Challenges of protest since the facility is situated along the Nairobi Mombasa highway which affected most of our hospital operations. I am pleased to report that Emali Sub County Hospital has continued to perform well and offering the much-needed services to the community and the citizens of Makueni County. There has been noticeable increase of revenue collection due to cashless collection, public participation hence improvement in service delivery. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year.

### **Financial performance**

In the year ended 30<sup>th</sup> June, 2025, the Hospital managed to achieve a remarkable increase in FIF collection since the commencement of billing services for the period started February 2024. The board through public participation platforms continued to create awareness and encourage residents to utilise the hospital services.

### **Service delivery**

Once again, our staff have demonstrated their compassion as they delivered excellent health care Services. The challenges faced this past year are quite a handful – Shortage in supply of commodities, staff shortages, and lack of adequate infrastructure etc. Despite the challenges we faced throughout the year, together we saved lives and contributed to the health of our community. Through facility own source revenue we have been able to employ hospital professionals hence reducing length of stay and waiting time for our clients.

### **Outlook**

The hospital management committee will continue to lobby our stakeholders, including county government to support in several projects which require immediate interventions.

This include:

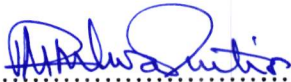
- 1) Cabro paving in the hospital compound
- 2) Construction of Hospital MCH block
- 3) Construction of Theatre
- 4) Construction of Administration block
- 5) Construction of walkway

- 6) Purchase of dental chair
- 7) Overall renovation (painting) of the hospital
- 8) Hospital master plan

My fellow board members endeavour to involve the local leadership especially during the public participation meetings for budget preparation, so as to have these needs allocated funds as well as lobbying from headquarter funding.

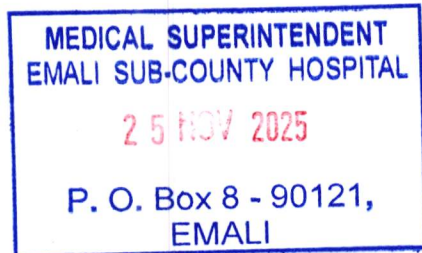
### **Conclusion**

I wish thank my fellow members of the Hospital Management Committee and management Team for providing supportive and complementary role while making progressive decisions towards directing this hospital. I am impressed with their wealth of knowledge and experience in many different business and operational settings. I strongly assure that Emali Sub County Hospital shall remain committed and will deliver exceptional services consistent to needs of the patients and Kenyans without compromising the principles of corporate governance, ethics and sustainability.



.....  
Name

Chairman of Board



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

Team work, good leadership and governance are key to success of an organizations. These have been our key pillars in the success of the Hospital in the financial year. Investment in Healthcare is driven by health programs and investment areas, as well as by the well-known WHO health system building blocks. These are adequate human resources for health, efficient service delivery system, adequate health infrastructure, access to essential health products, adequate health information, and adequate health financing and comprehensive health leadership.

### **1. Service delivery**

In this financial year, we have taken great steps in ensuring improvement in the services offered in the facility. Waiting times for patients were a challenge in the past but adding clinical staff and ensuring attending to patients is done on time has greatly improved this quality indicator. Weekly Continuous Medical Education meetings have continued to build skills and knowledge among staff.

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

The hospital enjoys good leadership and governance. There is great working relationship between the hospital management team, the hospital management committee, the department of health services and the political class. This has resulted to good working environment.

### **3. Human resource for health**

Additional recruitment of staff in various departments has greatly affected the performance of the hospital. We have clinical officers, an orthopedic technologist, nurse, who have been recruited by the hospital to support and ensure continuous service delivery.

### **4. Health commodities and vaccines**

Over the financial year, there was great commodities supply issues. We have had episodes of pharmaceutical stock outs, lack of key non pharmaceutical commodities like gloves and also laboratory supplies due to low refill rate at KEMSA.

## 5. Healthcare financing

We have improved in revenue collection for the period the hospital started generating own source revenue. This is through prudent revenue collection methods, having cash less payments mode processes.

## 6. Health information

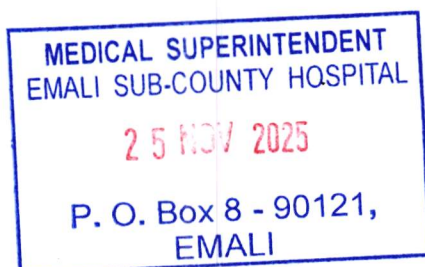
Patient records are well managed, easily retrieved, turnaround time shortened resulting in improvement in overall patient satisfaction. Proper documentation and secure storage has minimized data loss less good data based decisions. There's urgent need to automate the outpatient services through hospital management and information system so as to greatly improve service delivery efficiency in the hospital

Despite our achievements, we still face challenges namely;

- 1) Staff shortage especially Clinicians, Pharm-tech, Nurse, Laboratory technician
- 2) Shortages in pharmaceutical and non-pharmaceutical commodities
- 3) Inadequate hospital infrastructure
- 4) Lack of infrastructure
- 5) Lack of an ambulance amongst others.

.....  
Name *MIRIAM*

Secretary to the Board



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

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

- Pillar 1: Financing
- Pillar 2: Medical Products and commodities
- Pillar 3: Health work force
- Pillar 4: Health Information
- Pillar 5: Service delivery
- Pillar 6: Governance

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

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Financing	1.Increase revenue collection  2.Automate the revenue collection	1. Increased revenue collection  Use of computers to collect revenue	1.Collect more revenue and seal all revenue leakages  2.network the outpatient department and purchase more computers-plans underway.	FIF revenue collected from 1 <sup>st</sup> July 2024 to 30 <sup>th</sup> June 2025 Ksh 7,223,627.00 ksh 1,884,328.30 for both and NHIF/SHA 2.Networking plan is underway.
Medical Products and commodities	1.Have fewer stock outs  2. Reduce pilferage and waste	1Automated stocking system  2, Routine stock taking to be done	1.Introduce a system of restocking at reorder levels  2.Introduction of stock taking every quarter	1.Trained the staff on reorder levels so that the orders can be done on time  2.we have no any reported pilferage and theft
Health work force	1. Increase staff awareness and knowledge on diverse topics  2.Encourage team work for the staff	1. Continuous Medical Education attendance register  2.A team building activity to report to be done	1.Conduct weekly Continuous Medical Education on diverse topics  2.A team building activity to be organized for all the staff	1.Weekly CMEs conducted on diverse topics  2.Staff to celebrated with a motivational party in dec 2025

Health Information	<p>1.Improve quality of data</p> <p>2. Improve records management</p>	<p>1.Accurate data is recorded</p> <p>2. Data collection is simplified and efficiency</p>	<p>1. Ensure data audits are conducted monthly</p> <p>2Automate data collection</p>	<p>1.Data audits are conducted regularly</p> <p>2.Automation has already started with networking done at OPD</p>
Service delivery	<p>1.Reduce waiting times at all service delivery points</p> <p>2. Improve on customer service in all areas</p>	<p>1.Reduced waiting times for clients</p> <p>2.Better customer service experience for the clients</p>	<p>1.Carry out survey on waiting time</p> <p>2.train staff on customer service and establish a desk for customer service</p>	<p>1. Survey was carried out to establish the waiting times</p> <p>2. To Introduce a customer service desk and sensitized the staff</p>
Governance	<p>1.Involve all parties and stakeholders in the management of the hospital</p>	<p>All stakeholders are involved</p>	<p>Have regular meetings with Health management teams, Hospital Board members</p>	<p>Active committees where meetings are held regularly with the relevant committees</p>

### **8. Corporate Governance Statement**

Emali sub county Hospital Management committee is responsible for the overall governance of the hospital and is accountable to the Government for ensuring that the hospital complies with the law and the highest standards of best practices corporate governance and business ethics. The board was gazetted under gazette notice No. 11777 dated 13<sup>th</sup> September 2024 for a period of three (3) years with effect from 1<sup>st</sup> August, 2024. The appointment was done by the county committee member for health. The members are 6 in number. The members are committed to fostering a culture that values ethical behaviour, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted corporate practices.

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

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

In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations. The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the hospital and provides for free exercise of independent judgment. The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

The hospital management committee during the FY2024-2025 held four (4) board meetings and four (4) subcommittee meetings for both primary health and quality and finance and general-purpose committees. Majority of the members attend and actively participate in the deliberations of the meetings.

## 9. Management Discussion and Analysis

### Clinical/operational performance

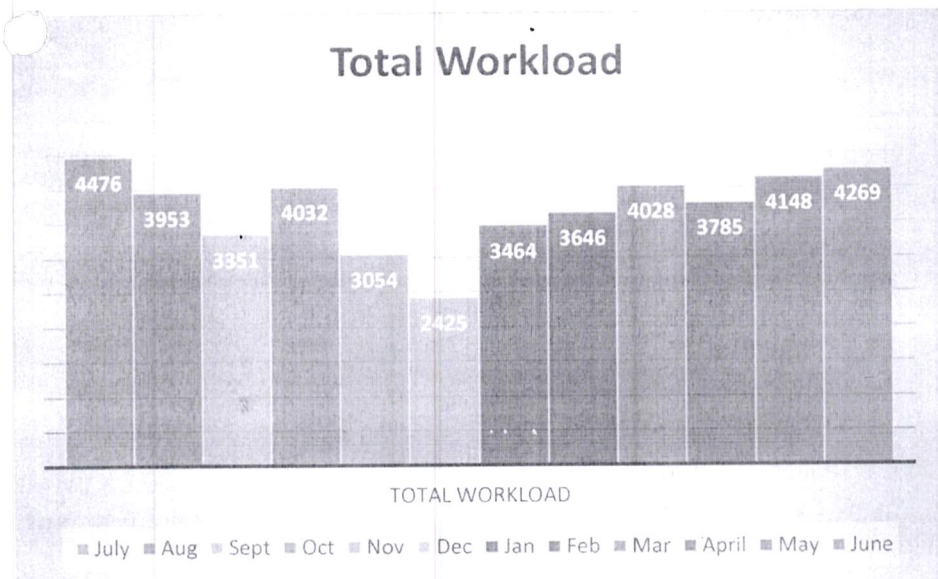
Emali Level 4 Sub-County Hospital has a bed capacity of 28 as per the analysis below. The bed capacity has not changed for the last 3 years due to limited infrastructure for expansion. During the 2024/2025 financial year, the hospital recorded a total workload of 44,631 patient contacts across all departments. Outpatient (15,936 visits) and Laboratory services (19,090 tests) were the highest contributors, reflecting their central role in service delivery. The Comprehensive Care Clinic (5,760 visits) maintained a strong 99% patient retention rate, while Antenatal Care (3,327 visits) showed consistent uptake though not proportional to the 319 deliveries recorded in Maternity, largely due to the lack of a functional theatre. Inpatient services, initiated in the third quarter, admitted 126 patients, marking a growing need for hospitalization services. Meanwhile, the MOPC Clinic, initiated in September 2024, registered 73 visits with low turnout attributed to competition from nearby faith-based facilities. Overall, while the hospital demonstrated steady service provision, challenges such as infrastructural gaps, competition, and resource constraints continue to limit optimal performance, especially in maternal and specialized services.

F/Y 24/25	Medical	Paediatrics	Maternity	Nursery/New-born	Total
Beds -Authorized	20	4	4	0	28
Beds-Actual physical	20	4	4	0	28
Cots- Authorized	0	2	0	0	2
Cots-Actual physical	0	2	0	0	2
Incubator authorized	0	0	0	0	0
Incubator- Actual	0	0	0	0	0

### Workload for the financial year

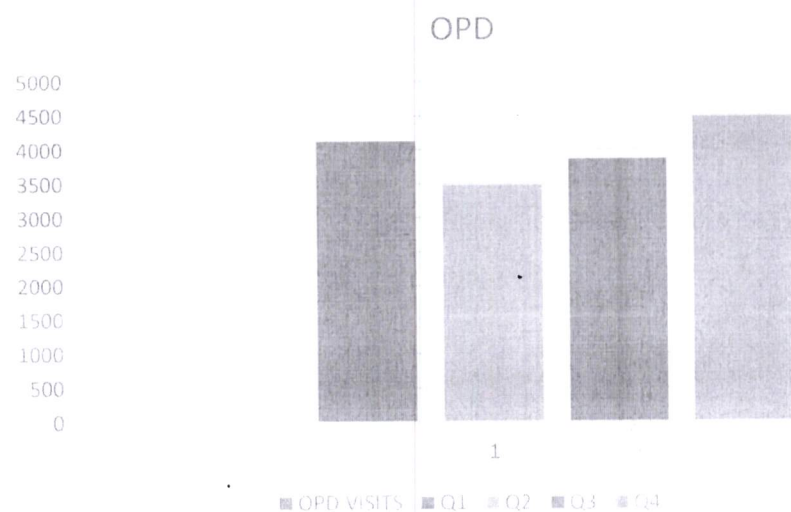
This report presents the total workload for the facility during the financial year 2024/2025. The workload is measured by the total number of patient visits across all service delivery points, summarized monthly from July 2024 to June 2025 as distributed in the table below.

FY	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
2024/2025	4476	3953	3351	4032	3054	2425	3464	3646	4028	3785	4148	4269	44631



**OUT PATIENT**

Department	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
Out Patient	1415	1340	1370	1431	1030	1012	1300	1208	1354	1347	1707	1422	15936



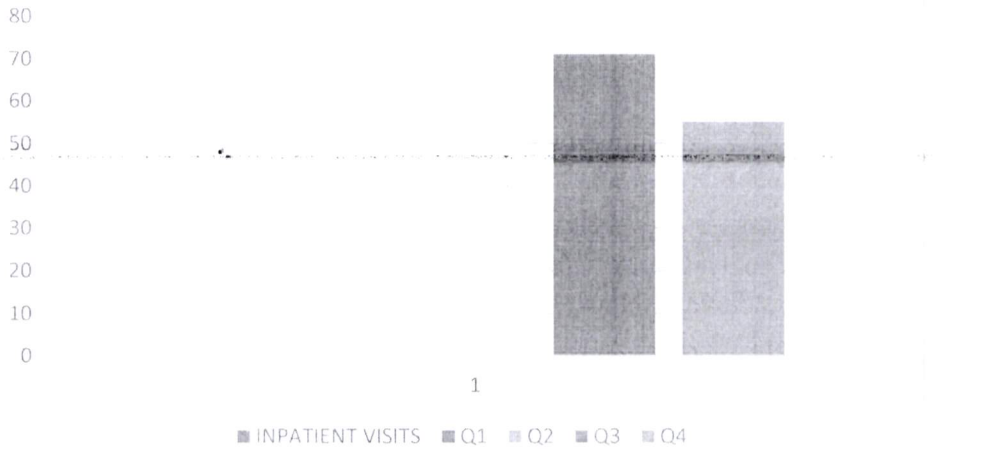
This report presents the quarterly distribution of patient visits at the Outpatient Department (OPD) for the financial year 2024/2025. The workload has been analysed per quarter to highlight seasonal trends and inform planning and resource allocation. The steady rise in Q4 indicates increased health-seeking behaviour towards the end of the financial year. Increase of staffing in the clinical department has reduced the average waiting period hence

encouragement to the clients to utilize our service.

**INPATIENT**

DEPARTMENT	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
INPATIENTS	0	0	0	0	0	0	15	32	24	27	14	14	126

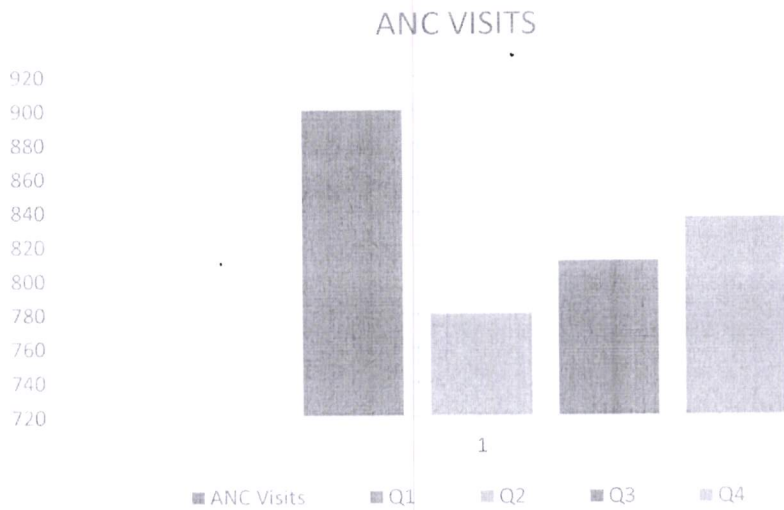
INPATIENT VISITS



Inpatient services officially commenced in the third quarter (January 2025) in response to rising demand. The highest monthly workload was experienced in February 2025 (32 admissions). Although the service was introduced mid-year, it recorded a significant uptake with 126 admissions within six months, indicating strong demand and the importance of sustaining and expanding the service.

**ANTENATAL CARE**

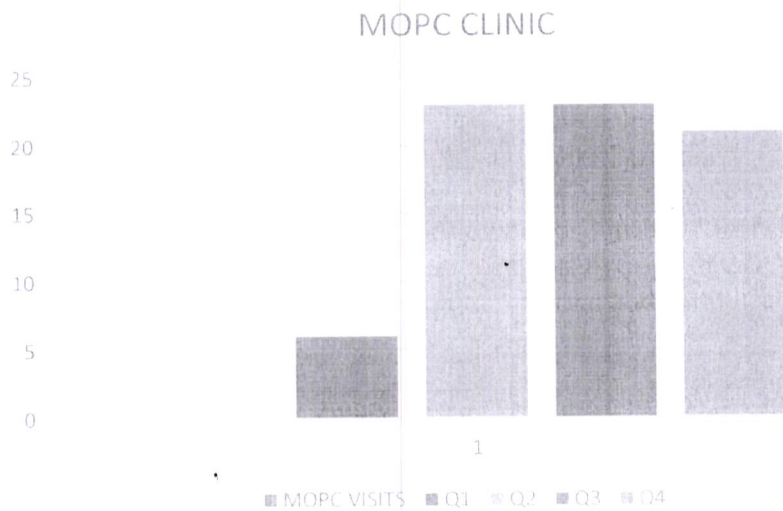
DEPARTMENT	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
ANC	375	374	151	309	248	223	249	282	280	301	278	257	3327



The ANC department recorded its peak workload in July 2024 (375 visits) and the lowest in September 2024 (151 visits), thereafter maintaining a relatively stable average of 278 visits per month from October 2024 to June 2025, demonstrating consistent contribution to maternal and child health services throughout the year

**MOPC CLINIC**

DEPARTMENT	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
MOPC CLINIC	0	0	6	10	4	9	7	6	10	3	9	9	73



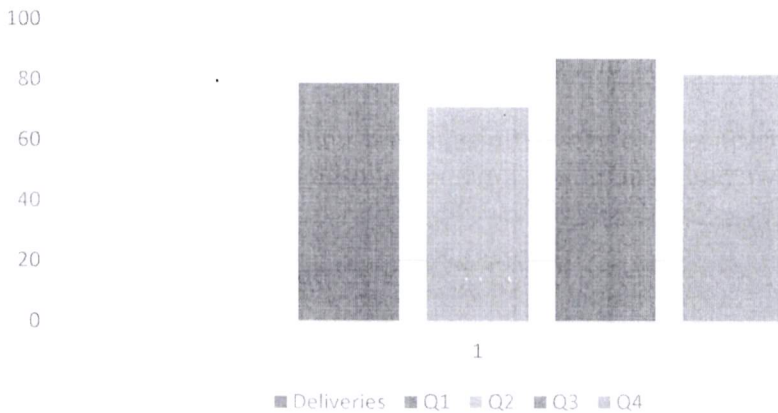
The MOPC Clinic services were initiated in September 2024, with a gradual workload increase over the financial year, serving as a clarion call to strengthen and expand holistic service delivery to the community. The low workload and

uptake are attributed to clients seeking similar services at a nearby faith-based organization facility, resulting in reduced attendance at the hospital despite numerous health talks and awareness efforts.

**MATERNITY SERVICES**

DEPARTMENT	July	Aug.	Sept	Oct	Nov	Dec	JAN	FEB	MAR	April	May	June	Total
DELIVERIES	35	14	30	24	29	18	29	20	38	32	29	21	319

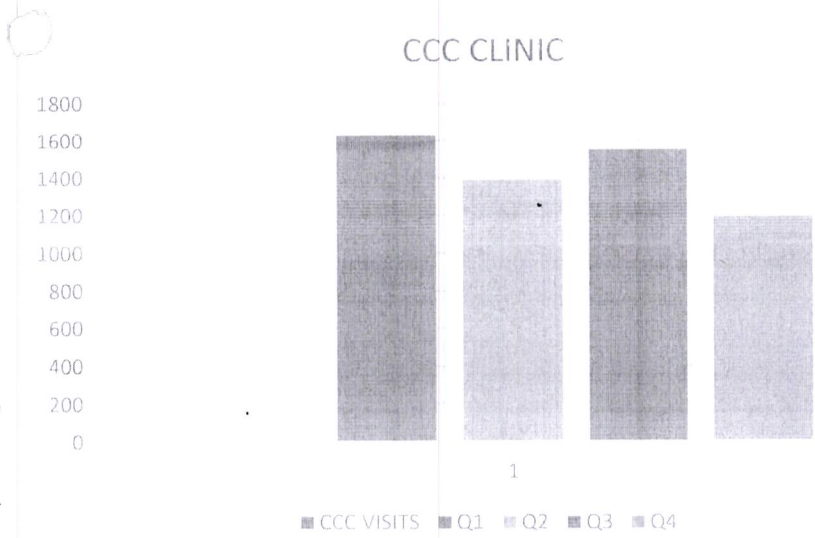
DELIVERIES



The Maternity Department recorded a total of 319 deliveries during the 2024/2025 financial year. Despite the hospital lacking a functional theatre, the number of deliveries remained comparatively low. This reflects a significant gap in maternal health service capacity, particularly when contrasted with the ANC workload of 3,327 visits, which is disproportionately high against the number of deliveries conducted within the facility.

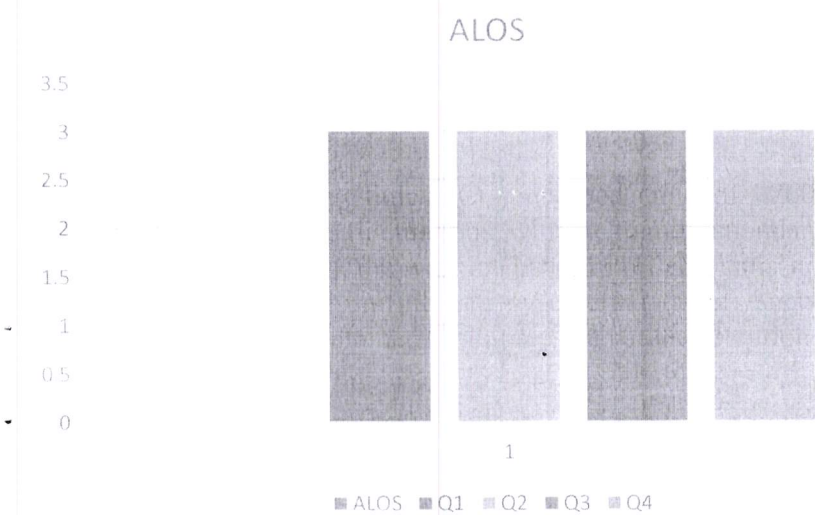
**CCC DEPARTMENT**

DEPARTMENT	July	Aug.	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
CCC	566	581	484	515	536	339	412	635	503	446	280	463	5760



The Comprehensive Care Clinic (CCC) recorded a total of 5,760 patient visits during the 2024/2025 financial year. The workload showed notable fluctuations, with the highest attendance in February 2025 (635 visits) and the lowest in May 2025 (280 visits). Overall, the workload pattern reflects consistent utilization of HIV care and treatment services, with occasional declines likely influenced by external factors such as patient transfers to other facilities. Despite these variations, the clinic maintained an impressive patient retention rate of 99%, demonstrating strong continuity of care.

***ALOS (AVERAGE LENGTH OF STAY)***



The average length of stay is an indicator of efficiency in the provision of inpatient health care in the hospital. The average length of stay was 3 days, this has been occasioned by quality improvement of inpatients, staff on job.

training, frequent updates and continuous medical education, daily ward rounds, hence more proficiency in handling patient on case basis.

***Financial performance that includes: -***

***Revenue sources,***

The Main revenue streams for the hospitals are mainly

1. County government contributions (in cash and Kind)
2. Facility improvement funds
3. NHIF/SHA and other insurance claims reimbursements

Between 1<sup>ST</sup> July 2024 and 30<sup>TH</sup> June 2025, the facility generated 30.03% of its revenue from the County Government, 120.9% from Facility Improvement Fund (FIF) collections, and 52.34% from NHIF/SHA reimbursements. These figures are based on calculations made against the facility's annual budget allocation estimates.

***Utilisation of funds***

<b>TOTAL BUDGETS -ALL REVENUE</b>			
<b>YEAR</b>	<b>BUDGET</b>	<b>UTILIZATION</b>	<b>ABSORPTION RATE</b>
2024-2025	9,151,885.30	8,673,035	94.8%

## **10. Environmental and Sustainability Reporting**

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

### *i) Sustainability strategy and profile*

In order to deliver on its priorities, Emali Level 4 Sub-County Hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. The Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates.

### *ii) Environmental performance*

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible. The Hospital recognizes the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate change.

### *iii) Employee welfare*

Emali Level 4 sub county hospital ensures that all staff are facilitated to attend trainings made to enhance their skills. All employee emoluments are also paid on time. The county trains and supports both short term and long term courses

### *iv) Market place practices-*

*The organisation should outline its efforts to:*

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

All tenders are awarded competitively where every bidder is given a fair chance through a transparent process as prescribed in the procurement and disposal Act.

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

The Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making. The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations.

***c) Responsible marketing and advertisement or Responsible engagement with citizens***

The main avenues for communication are through stakeholder forums and local advertisements through the hospital notice board which is accessible to the public at all times.

***d) Product stewardship or Awareness Creation***

The Hospital's Service Charter has been cascaded to all staff and displayed at strategic locations, is monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of the hospitals clients.

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

Emali Sub County has made a concerted effort to operate in ways that enhance society and environment through inclusive healthcare inspired towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Our Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The hospital through health promotional activities engages communities to create awareness on NCDs and other health educations etc. This ensures citizen visit health facilities for screening early enough before situations become worse.

## 11. Report of The Board of Management

The Board members shall submit their report alongside the Audited Financial Statements for the year ended June 30, 2025, reflecting the financial position and overall affairs of the hospital.

### Principal activities

The principal activities of the entity is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all citizens.

### Results

The results of the entity for the Quarter ended June 30 2025 are set out on pages 1 to 55


### Board of Management

The members of the Board who served during the year are shown on page (8-9). During the year, no director(s) retired/ resigned, and 6 director (s) was appointed with effect from 13<sup>th</sup> September 2024.

### Auditors

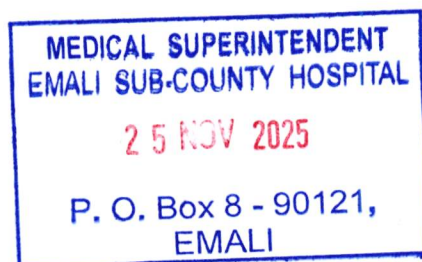
The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.



Name *MIRIAM OTHMAN*

Secretary to the Board



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

Section 164 of the Public Finance Management Act, 2012 and the Facility Improvement Fund of 2023 requires the Board of Management to prepare financial statements in respect of Emali Level 4 Hospital which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The 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.

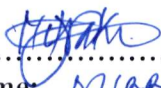
The Board of Management accepts responsibility for the entity’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Facility Improvement Fund Act of 2023. 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, 20xx, and of the entity’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity’s financial statements as well as the adequacy of the systems of internal financial control.

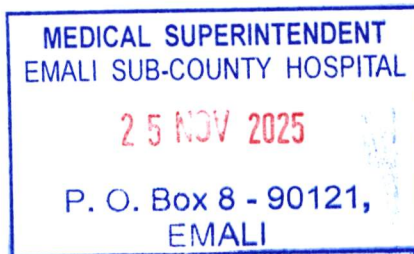
Nothing has come to the attention of the Board of management to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

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

  
.....  
Name:  
Chairperson  
Board of Management

  
.....  
Name: Miriam Njiru  
Accounting Officer



# REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Emali Level 4 Hospital - County Government of Makueni set out on pages 1 to 56, which comprise of the statement financial position as at 30 June, 2025, and the statement of financial performance,

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Emali Level 4 Hospital - County Government of Makueni as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,364,862 as disclosed in Note 29 to the financial statements. Included in the balance is Kshs.2,671,128 in respect to National Hospital Insurance Fund (NHIF) claims which have been outstanding for more than one year.

In the circumstances, the completeness and recoverability of receivables from exchange transactions balance of Kshs.2,671,128 could not be confirmed.

#### **2. Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.1,283,778 which relates to additions to property, plant and equipment during the year under review as disclosed in Note 32 to the financial statements. However, review of the Hospital's records provided for audit revealed various assets including land, buildings, furniture and equipment which were not disclosed in the financial statements. Further, ownership documents for land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.1,283,778 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.15,600,000 and Kshs.10,909,575 respectively resulting to under-funding of Kshs.4,690,425 or approximately 30% of the budget. Similarly, the Fund expended Kshs.8,674,484 against actual receipts of Kshs.10,909,575 resulting to under absorption of Kshs.2,235,091 or approximately 20% of actual receipts.

The underfunding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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

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

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

## Conclusion

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

## Basis for Conclusion

### 1. Failure to Prepare Annual Procurement Plan

Review of the procurement process for the financial year revealed that Management did not prepare a Procurement Plan contrary to Regulation 40(1) of the Public Procurement and Assets Disposal Regulations, 2020 which states that a procuring entity shall prepare a Procurement Plan for each financial year as part of the annual budget preparation process.

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

### 2. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital's records and interviews on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in September, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-eight (88) or approximately 87% of the authorized establishment.

<b>Staffing Requirement</b>	<b>Level 4 Hospital Standard</b>	<b>No. in Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Medical Officers	16	0	16	100
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatricians	2	0	2	100
Radiologists	2	0	2	100
Registered Community Health Nurses	75	13	62	83
<b>Total</b>	<b>101</b>	<b>13</b>	<b>88</b>	<b>87</b>

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

<b>Equipment &amp; Machines</b>	<b>Level 4 Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Beds	150	28	122	81
Resuscitaire (1 in labor and 1 in theatre)	2	1	1	50
New Born Unit Incubators	5	0	5	100
New Born Unit Cots	5	3	2	40
Functional ICU Beds	6	0	6	100
HDU Beds	6	0	6	100
Renal unit with at least 5 Dialysis Machines	5	0	5	100
Two Functional Operating theaters - Maternity & General	2	0	2	100

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

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Approved Information and Communication Technology (ICT) Security Policy

Review of the Hospital's Information and Communication Technology systems (ICT) revealed that, the Hospital did not have an approved ICT Policy for governance and management of its ICT resources. In addition, there was no ICT Steering Committee in

place to assist in the development of ICT Policy Framework to enable the Hospital realize its long-term ICT strategic goals.

In the circumstances, existence of effective measures on management of ICT resources could not be confirmed.

## **2. Lack of Risk Management Policy and Strategy**

The Hospital Management had not put in place a Risk Management Policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how Management manages risk exposures. This is contrary to Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal controls that builds robust business operations.

In the circumstances, existence of effective risk management measures 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 the Management and those Charged with Governance**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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

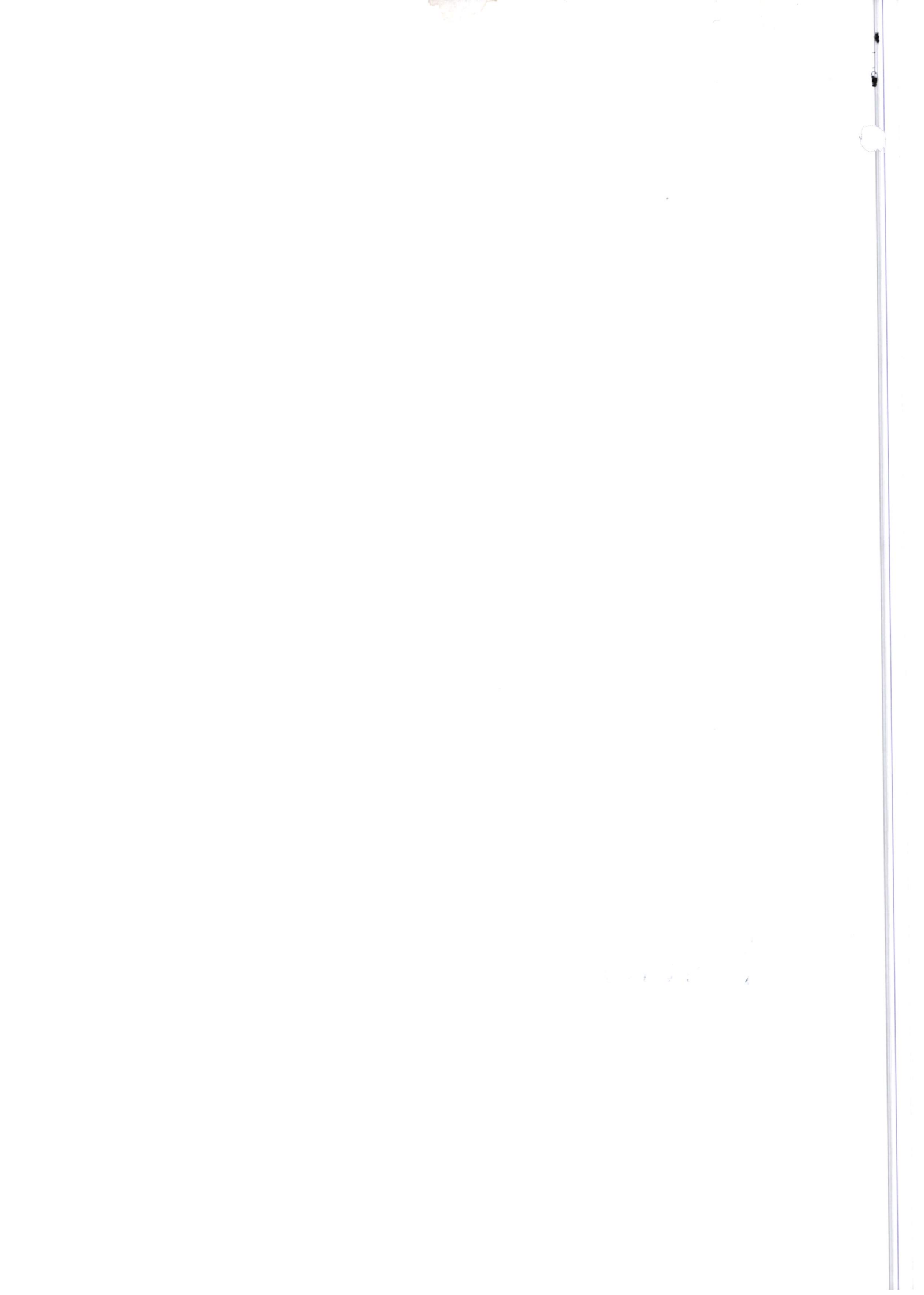
Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

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**

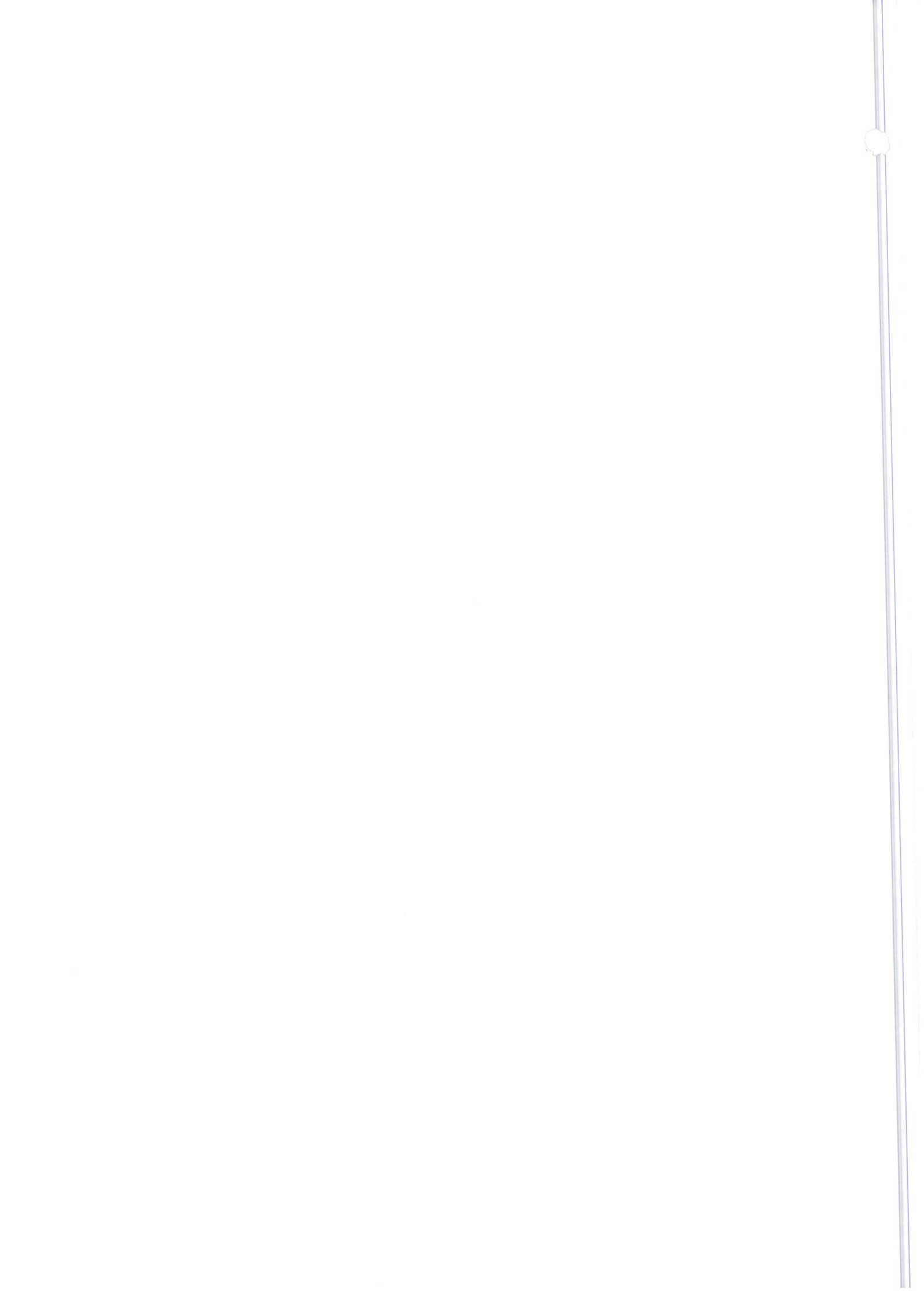
**Nairobi**

**02 December, 2025**



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


Description	Note	2024/2025 FY
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	1,801,620
In- kind contributions from the County Government	7	22,340,572
Grants from donors and development partners	8	-
Transfers from other Government entities	9	-
Public contributions and donations	10	-
		<b>24,142,192</b>
<b>Revenue from exchange transactions</b>		
Rendering of services- Medical Service Income	11	9,543,712
Revenue from rent of facilities	12	-
Finance /Interest Income	13	-
Miscellaneous Income	14	
		<b>9,543,712</b>
<b>Total revenue</b>		<b>33,685,904</b>
<b>Expenses</b>		
Medical/Clinical costs	15	2,837,273
Employee costs	16	21,303,929
Board of Management Expenses	17	152,000
Depreciation and amortization expense	18	79,812
Repairs and maintenance	19	649,180
Grants and subsidies	20	-
General expenses	21	3,302,978
Finance costs	22	-
		<b>28,325,172</b>
<b>Total expenses</b>		
<b>Other gains/(losses)</b>		
Gain/Loss on disposal of non-Current assets	23	-
Unrealized gain on fair value of investments	24	-




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

Description	Note	2024/2025 FY
		Kshs
Medical services contracts Gains/Losses	25	(70,540)
Impairment loss	26	-
Gain on foreign exchange transactions		-
<b>Total other gains/(losses)</b>		-
<b>Net Surplus / (Deficit) for the year</b>		<b>5,290,192</b>

The Hospital's financial statements were approved by the Board on 25/11/2025 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
**ICPAK No: 28785**

  
 .....  
**Medical Superintendent**

**MEDICAL SUPERINTENDENT**  
**EMALI SUB-COUNTY HOSPITAL**  
**25 NOV 2025**  
**P. O. Box 8 - 90121,**  
**EMALI**


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


Description	Note	2024/2025 FY
		Kshs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	27	3,628,564
Prepayments	28	-
Receivables from exchange transactions	29	3,364,862
Receivables from non-exchange transactions	30	-
Inventories	31	2,267,732
<b>Total Current Assets</b>		<b>9,261,158</b>
<b>Non-current assets</b>		
Property, plant, and equipment	32	1,283,778
Intangible assets	33	-
Investment property	34	-
Biological Assets	35	-
<b>Total Non-current Assets</b>		<b>1,283,778</b>
<b>Total assets (A)</b>		<b>10,544,936</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	36	861,626
Refundable deposits from Patients/Prepayments	37	-
Provisions	38	-
Finance lease obligation	39	-
Current portion of deferred income	40	-
Current portion of borrowings	41	-
<b>Total Current Liabilities</b>		<b>861,626</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	-

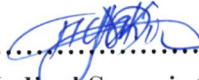
*Emali Level 4 Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Description	Note	2024/2025 FY
		Kshs
Service concession Arrangements	42	-
<b>Total non-current liabilities</b>		-
<b>Total Liabilities (B)</b>		<b>861,626</b>
<b>Net assets (A-B)</b>		<b>9,683,310</b>
<b>Represented by:</b>		
Revaluation reserve		-
Accumulated surplus/Deficit		5,290,192
Capital Fund		4,393,118
<b>Net Assets</b>		<b>9,683,310</b>

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

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

  
 .....  
**Head of Finance**  
**ICPAK No: 28785**

  
 .....  
**Medical Superintendent**

**MEDICAL SUPERINTENDENT**  
**EMALI SUB-COUNTY HOSPITAL**  
**25 NOV 2025**  
**P. O. Box 8 - 90121,**  
**EMALI**

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

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>At July 1, 2024 (current year)</b>	-	-	4,393,118	4,393,118
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	5,290,192	-	5,290,192
Capital/Development grants	-	-	-	-
<b>At June 30, 2025 (current year)</b>	-	5,290,192	4,393,118	9,683,310

The capital fund is comprising of the opening bank balance of kshs. 1,393,473 as per the bank reconciliation and receivables of kshs. 2,999,645

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

Description	Note	2024/2025 FY
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the County Government		1,801,620
Grants from donors and development partners		-
Transfers from other Government entities		-
Public contributions and donations		-
Rendering of services- Medical Service Income		9,107,955
Revenue from rent of facilities		-
Finance / interest income		-
Miscellaneous receipts( <i>Insurance Recoveries</i> )		-
<b>Total Receipts</b>		<b>10,909,575</b>
<b>Payments</b>		
Medical/Clinical costs		1,158,131
Employee costs		2,807,665
Board of Management Expenses		152,000
Repairs and maintenance		607,480
Grants and subsidies		-
General expenses		2,585,618
Finance costs		-
Refunds paid out		-
<b>Total Payments</b>		<b>7,310,894</b>
<b>Net cash flows from operating activities</b>	43	3,598,681
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment		(1,363,590)
Purchase of intangible assets		-
Proceeds from the sale of PPE		-
Acquisition of investments		-
<b>Net cash flows used in investing activities</b>		<b>(1,363,590)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants received		-

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

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<b>Net cash flows used in financing activities</b>		-
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,235,091
Cash and cash equivalents as at 1 July	27	1,393,473
<b>Cash and cash equivalents as at 30 June</b>	27	<b>3,628,564</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	-	-	%
<b>Receipts</b>	-	-	-	-	-	
Transfers from the County Government	6,000,000	-	6,000,000	1,801,620	4,198,380	30%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	9,600,000	-	9,600,000	9,107,955	492,045	95%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total receipts</b>	<b>15,600,000</b>	<b>-</b>	<b>15,600,000</b>	<b>10,909,575</b>	<b>4,690,425</b>	<b>70%</b>
<b>Payments</b>						
Medical/Clinical costs	4,485,000	-	4,485,000	1,158,131	3,326,869	26%
Employee costs	2,947,500	-	2,947,500	2,807,665	139,835	95%
Remuneration of directors	400,000	-	400,000	152,000	248,000	38%
Repairs and maintenance	1,250,000	-	1,250,000	607,480	642,520	49%
Grants and subsidies	-	-	-	-	-	-
General expenses	5,247,500	-	5,247,500	2,585,618	2,661,882	49%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
<b>Total Operational Expenditure paid</b>	<b>14,330,000</b>	<b>-</b>	<b>14,330,000</b>	<b>7,310,894</b>	<b>7,019,106</b>	<b>51%</b>
<b>Capital Expenditure paid</b>	<b>1,270,000</b>	<b>-</b>	<b>1,270,000</b>	<b>(1,363,590)</b>	<b>183,910</b>	<b>107%</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,235,091</b>	<b>-</b>	<b>-</b>

**Revenue Performance:**

- Transfers from the County Government were lower than expected, with only Kshs 1,801,620 received against a budget of Kshs 6,000,000, representing 30% of the budget and a shortfall of Kshs 4,198,380
- NHIF, SHA/SHIF receipts were 1,884,328.30 against a budget of 3,600,000 representing a shortfall of Kshs. 1715672. The achieved budget represented 52.34% of the whole budget.
- Overall, total revenue collection was Kshs. 10,909,575 against a total budget of Kshs. 15,600,000 which represented 74% of budget realization.

**Expenditure Performance:**

- The facility utilized 57% of the budgeted expenditure. Most of the planned expenditure were under met as a result of revenue shortfall collection.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,235,091
1	Opening Bank balances	1,393,473
	Closing Cash and Cash Equivalent as per the statement of Cash flows	3,628,564

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

### **1. General Information**

Emali Sub County Hospital is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Citizens.

### **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 International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

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

Standard	Effective date and impact:
	for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <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 2024-2025.

#### **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 *23<sup>rd</sup> July 2024* Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The entity did not record additional appropriations on the FY 2024-2025 budget. 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. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

**Note 1: Disclosure of Unrecognized Assets – Land, Buildings, and Ambulance.**

The hospital utilizes several key assets in its operations which are currently not recognized in the financial statements due to the absence of formal valuations and/or legal ownership documentation.

**1. Land:**

The hospital occupies land that is used for its operations. However, the land has not been valued, and legal ownership documents such as a title deed are not available. The hospital currently holds only an allotment number for the land. As such, the land is not recognized

under Property, Plant and Equipment in the Statement of Financial Position. The hospital is working with the relevant county authorities to facilitate titling and valuation for future recognition.

**2. Hospital Buildings:**

The hospital operates from permanent buildings that are in active use. These buildings have not been valued, and no reliable historical cost or fair value data is available. Consequently, they are not recognized in the current financial statements. The hospital has initiated efforts to obtain formal valuation in order to comply with applicable asset recognition requirements.

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

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There were no critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

- Raw materials: purchase cost using the 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.

### **1. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025 FY
	KShs
<b>Unconditional grants</b>	
Operational grant	1,801,620
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)	-
DANIIDA	-
Wards Development grant	-
Paediatric block grant	-
Administration block grant	-
Laboratory grant	-
<b>Total government grants and subsidies</b>	<b>1,801,620</b>

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year
			KShs	KShs
Makueni County Government	1,801,620	-	-	1,801,620
<b>Total</b>	<b>1,801,620</b>	<b>-</b>	<b>-</b>	<b>1,801,620</b>

Notes to Financial Statements Continued

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

Description	2024/2025 FY
	KShs
Salaries and wages	18,330,574
Medical supplies-Drawings Rights (KEMSA)	3,574,556
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-
Utility bills	435,442
<b>Total grants in kind</b>	<b>22,340,572</b>

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

Description	2024/2025 FY
	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>	<b>-</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
	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-
JICA	-	-	-	-
World Bank	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025 FY
	Kshs
Pharmaceuticals	2,601,357
Non-Pharmaceuticals	206,340
Laboratory	970,350
Radiology	644,670
Orthopedic and Trauma Technology	444,430
Theatre	44,950
Medical Legal	355,000
Counselling services	13,600
Inpatient Services	93,750
Nutrition service	22,500
Records Departments	390,650
Dental services	1,500
Outpatient Services	812,557
Reproductive Health	852,050
Farewell home services	-
Ambulance services	193,720
Other medical services income ( <i>specify</i> )	1,896,288
<b>Total revenue from the rendering of services</b>	<b>9,543,712</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025 FY
	Kshs
Dental costs/ materials	-
Laboratory chemicals and reagents	239,339
Public health activities	-
Food and Ration	503,740
Uniform, clothing, and linen .	146,000
Dressing and Non-Pharmaceuticals	197,570
Pharmaceutical supplies	1,421,654
Health information stationery	-
Reproductive health materials	-
Sanitary and cleansing Materials	99,570
Purchase of Medical gases	61,400
X-Ray/Radiology supplies	168,000
Other medical related clinical costs ( <i>specify</i> )	-
<b>Total medical/ clinical costs</b>	<b>2,837,273</b>

16. Employee Costs

Description	2024/2025 FY
	Kshs
Salaries, wages, and allowances	21,303,929
Contributions to pension schemes	-
Service gratuity	-
Performance and other bonuses	-
Staff medical expenses and Insurance cover	-
Group personal accident insurance and WIBA	-
Social contribution	-
Other employee costs ( <i>specify</i> )	-
<b>Employee costs</b>	<b>21,303,929</b>

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

**17. Board of Management Expenses**

Description	2024/2025 FY
	Kshs
Chairman's Honoraria	-
Sitting allowance	152,000
Mileage	-
Insurance expenses	-
Induction and training	-
Travel and accommodation allowance	-
Airtime allowances	-
<b>Total</b>	<b>152,000</b>

**18. Depreciation and Amortization Expense**

Description	2024/2025 FY
	Kshs
Property, plant and equipment	79,812
Intangible assets	-
Investment property carried at cost	-
<b>Total depreciation and amortization</b>	<b>79,812</b>

**19. Repairs And Maintenance**

Description	2024/2025 FY
	Kshs
Property- Buildings	243,300
Medical equipment	179,360
Office equipment	-
Furniture and fittings	100,400
Computers and accessories	126,120
Motor vehicle expenses	-
Maintenance of civil works	-
<b>Total repairs and maintenance</b>	<b>649,180</b>

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

**20. Grants And Subsidies**

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

**21. General Expenses**

Description	2024/2025 FY
	Kshs
Advertising and publicity expenses	-
Catering expenses	77,769
Waste management expenses	-
General Expenses	270,510
Audit fees	-
Bank charges	11,224
Conferences and delegations	-
Consultancy fees	-
Contracted services	-
Electricity expenses	600,930
Fuel and Lubricants	960,000
Insurance	-
Research and development expenses	-
Travel and accommodation allowance	404,425
Legal expenses	-
Licenses and permits	-
Courier and postal services	-
Printing and stationery	352,640
Hire charges	-
Household Appliances	20,000
Water and sewerage costs	342,230
Other Fuels	16,800

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Description	2024/2025 FY
	Kshs
Telephone and mobile phone services	177,000
Internet expenses	69,450
Staff training and development	-
Subscriptions to professional bodies	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-
Library books/Materials	-
Parking charges	-
<b>Total General Expenses</b>	<b>3,302,978</b>

**22. Finance Costs**

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

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

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

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

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025 FY
	KShs
Comprehensive care contracts with NHIF/SHA	-
Non- Comprehensive contracts care with NHIF/SHA	-
Linda Mama Program	-
Waivers and Exemptions	70,540
<b>Total Gain/Loss</b>	<b>70,540</b>

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024/2025 FY
	KShs
Current accounts	3,628,564
On - call deposits	-
Fixed deposits accounts	-
Cash in hand	-
Others( <i>specify</i> )- Mobile money	-
<b>Total cash and cash equivalents</b>	<b>3,628,564</b>

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

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

Description		2024/2025 FY
Financial institution	Account number	KShs
<b>a) Current account</b>		
Kenya Commercial bank	1157832566	3,628,564
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>3,628,564</b>

**28. Prepayments**

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

**29. Receivables From Exchange Transactions**

Description	2024/2025 FY
	KShs
Medical services receivables	3,364,862
Rent receivables	-
Other exchange debtors	-
Less: impairment allowance	-
<b>Total receivables</b>	<b>3,364,862</b>

**Analysis of Receivables From Exchange Transactions**

Description	2024/2025 FY	
	Kshs	
	Current FY	% of the total
Less than 1 year	693,734	21%
Between 1- 2 years	2,671,128	79%
Between 2-3 years	-	%
Over 3 years	-	%
<b>Total (a+b)</b>	<b>3,364,862</b>	<b>100%</b>

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

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

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

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

**31. Inventories**

Description	2024/2025 FY
	KShs
Pharmaceutical supplies	2,199,272
Maintenance supplies	-
Food supplies	18,860
Linen and clothing supplies	-
Cleaning materials supplies	-
General supplies	49,600
Less: provision for impairment of stocks	-
<b>Total</b>	<b>2,267,732</b>

**Detailed disclosure on inventories**

	<b>2024/2025 FY</b>
Opening balance	-
Additional Inventory in the year	5,226,186
Inventory expensed in the year	2,958,454
Write-downs in the year	-
Others specify	-
<b>Closing balance</b>	<b>2,267,732</b>

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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
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	450,040	51,500	862,050	-	-	1,363,590
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	-	-	450,040	51,500	862,050	-	-	1,363,590
<b>Depreciation and impairment</b>									
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
<b>At 30 June 2024</b>	-	-	-	-	-	-	-	-	-
At July 2024(current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	28,128	8,582	43,103	-	-	79,812
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-

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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
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 30 <sup>th</sup> June 2025	-	-	-	28,128	8,582	43,103	-	-	79,812
<b>Net book values</b>									
At 30 <sup>th</sup> Jun 2024 (previous)	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> Jun 2025 (current)	-	-	-	421,913	42,918	818,948	-	-	1,283,778

Notes to the Financial Statements (Continued)

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2025 FY	
	KShs	
Trade payables	861,626	
Employee dues	-	
Third-party payments ( <i>e.g. unremitted payroll deductions</i> )	-	
Audit fee	-	
Doctors' fee	-	
<b>Total trade and other payables</b>	<b>861,626</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	861,626	100%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
<b>Total</b>	<b>861,626</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	2024/2025 FY	
	KShs	
Medical fees paid in advance	-	
Credit facility deposit	-	
Rent deposits	-	
Others ( <i>specify</i> )	-	
<b>Total deposits</b>	<b>-</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	-	%
1-2 years	-	%

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2-3 years	-	%
Over 3 years	-	%
<b>Total</b>	-	%

**38. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<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**

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

**40. Deferred Income**

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

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

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

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

Description	2024/2025 FY
	KShs
Surplus for the year before tax	5,290,192
<b>Adjusted for:</b>	
Depreciation	79,812
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working Capital adjustments</b>	
Increase in inventory	(2,267,732)
Increase in receivables	(365,217)
Increase in deferred income	-
Increase in payables	861,626
Increase in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>3,598,681</b>

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	2,999,645	2,999,645	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	1,393,473	1,393,473	-	-
<b>Total</b>	<b>4,393,118</b>	<b>4,393,118</b>	<b>-</b>	<b>-</b>
At 30 June 2025 (current year)				
Receivables from exchange transactions	3,364,862	3,364,862	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	3,628,564	3,628,564	-	-
<b>Total</b>	<b>6,993,426</b>	<b>6,993,426</b>	<b>-</b>	<b>-</b>

**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 The National Health Insurance Fund. 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 2025</b>				
Trade payables	861,626	-	-	861,626
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>861,626</b>	<b>-</b>	<b>-</b>	<b>861,626</b>

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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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.

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.

**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 no impact on the statement of financial performance.

**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
	Kshs
Revaluation reserve	-
Retained earnings	5,290,192
Capital reserve	4,393,118
<b>Total funds</b>	9,683,310
Total borrowings	-
Less: cash and bank balances	3,628,564
Net debt/ ( <i>excess cash and cash equivalents</i> )	(3,628,564)
<b>Gearing</b>	-37%

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

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	2024/2025 FY
	Kshs
<b>Transactions with related parties</b>	
<b>a) Services offered to related parties</b>	
Services	-
Sales of services	-
<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 employees	-
Payments for goods and services	-
<b>Total</b>	-
<b>d) Key management compensation</b>	

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Description	2024/2025 FY
	Kshs
Directors' emoluments	-
Compensation to the medical Sup	-
Compensation to key management	-
<b>Total</b>	-

**46. Segment Information**

**47. Contingent Liabilities**

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

**48. Capital Commitments**

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

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

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**51. 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.

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)

**Guidance Notes:**

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

  
Accounting Officer

MEDICAL SUPERINTENDENT  
EMALI SUB-COUNTY HOSPITAL  
25 NOV 2025  
P. O. Box 8 - 90121,  
EMALI

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity... MAKUENI COUNTY GVT

Name of Beneficiary entity... EMALI LEVEL 4 HOSPITAL

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
R11/HOSP/C1/H Vol. 037	18 <sup>th</sup> July 2024	880,500		880,500	
UHC/HOSP/C1/H Vol 203	17 <sup>th</sup> February 2025	800,000		800,000	
R11/HOSP/C1/h Vol 334	4 <sup>th</sup> June 2025	5,000		5,000	
R11/HOSP/C1/h Vol 334	4 <sup>th</sup> June 2025	50,000		50,000	
R11/HOSP/C1/h Vol 334	4 <sup>th</sup> June 2025	50,000		50,000	
Inward SWIFT Pa MAKUENI COUNTY/KE/NAIROBI/KE/n	30 <sup>th</sup> June 2025	16,120		16,120	
Total				1,801,620	

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

Head of Accounts Department - Disbursing Entity:

Name KUNICE KARBETS Sign [Signature] Date 25/11/2025

Head of Accounts Department - Beneficiary Entity:

Name EVERYNE MULEI Sign [Signature] Date 25/11/2025

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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