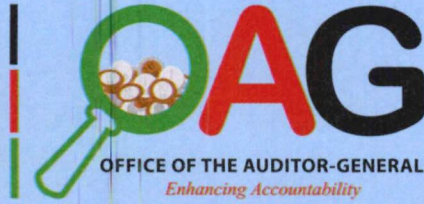
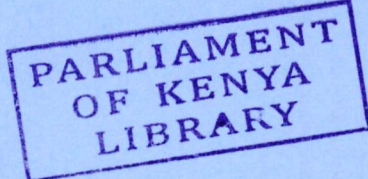


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MRIMA MATERNITY LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

PAPERS LAID	
DATE	18/02/2026
TABLED BY	W. LEAKI
COMMITTEE	
CLERK AT THE TABLE	C. CHEROP

**COUNTY GOVERNMENT OF MOMBASA**

200

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



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**MRIMA MATERNITY  
LEVEL 4 HOSPITAL  
(Mombasa 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**

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

AIE	Authority to Incur Expenditure
CSR	Corporate Social Responsibility
CDF	Constituency Development Fund
DOH	Department of Health
EEC	Executive Expenditure Committee
FIF	Facility Improvement Fund
FY	Financial year
HAO	Hospital Administrative Officer
HMT	Hospital Management Team
HOD	Head of Department
KEMSA	Kenya Medical Supplies Authority
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MOH	Ministry of Health
MSF	Medicines San Frontiers
NHIF	National Hospital Insurance Fund
OSHA	Occupational Health & Safety Act
USAID	United States Agency for International Development
PHO	Public Health Officer
HRO	Health Record Officer
KMPDC	Kenya Medical Practitioners and Dentists Council

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

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MSF            Medicins Sans Frontiers

IPC            Infection and Prevention Committee

Fiduciary Management            Key management personnel who have financial responsibility in the entity.

*(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)*

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

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

Mrima Maternity Level 4 Hospital is located in Likoni Sub-County, Mombasa County, along Shelly Beach Road. The facility is licensed and registered by the Kenya Medical Practitioners and Dentists Council (KMPDC) as a Level 4B Specialized Treatment Centre, registration number GK-011389, with a bed capacity of 41.

The hospital began as a Level 3A health centre, later advancing to Level 3B through the introduction of enhanced Sexual and Reproductive Health (SRH) services. Following reassessment, it was upgraded to Level 4B status in recognition of its specialized maternal and child health care, in line with its vision of becoming a centre of excellence in the region.

Mrima Hospital was originally constructed with Constituency Development Fund (CDF) support under the leadership of the then area member of Parliament, Mwalimu Masoud Mwachima. Initially, it offered basic services such as immunization, basic maternity care, and general outpatient services. In 2015, Médecins Sans Frontières (MSF), a Swiss humanitarian organization, conducted a needs assessment which identified significant gaps in maternal health care. MSF, in collaboration with the County Government, undertook to upgrade and expand services, focusing on maternal and child health—particularly Sexual and Reproductive Health. The facility has since grown to serve patients well beyond Likoni Sub-County and Mombasa County. MSF exited the project in June 2021, and the hospital is now fully operated by the Department of Health.

The hospital's primary catchment population exceeds 100,000 people, with females representing 50.7% and males 49.3%. It works closely with 19 community extension units (CUs) and primarily serves mothers and children from low socio-economic backgrounds.

### **Services Offered**

- In-patient maternity care
- Child Welfare Clinic (immunization, nutrition)
- Sexual and reproductive health services: antenatal care (ANC), postnatal care (PNC), family planning (FP), cervical cancer screening, gender-based violence (GBV) support
- General outpatient services, pharmacy, laboratory, radiology (ultrasound), and dental services
- Special clinics: GOPC/GYN, High-Risk Clinic, MOPC, POPC, Comprehensive Care Clinic, and TB clinic

### **Strategic Goals**

- i. Eliminate communicable conditions

- ii. Halt and reverse the rising burden of non-communicable conditions
- iii. Reduce the burden of violence and injuries
- iv. Provide essential health care services
- v. Minimize exposure to health risk factors
- vi. Strengthen collaboration with health-related sectors

**(b) Principal Activities**

Mrima Maternity Hospital is a public health facility mandated to provide comprehensive, quality, and affordable healthcare services, with a core focus on maternal and child health. The hospital's principal activities include the delivery of specialized maternal and newborn care, preventive and promotive health services, and the provision of a wide range of outpatient and inpatient medical services to the community.

***VISION STATEMENT.***

To be a leading healthcare provider offering comprehensive, quality and affordable services in the region; with maternal and child health being our core area of specialization.

***MISSION STATEMENT.***

Our mission is to work with the community and partners to;

- Identify, develop and implement effective ways to reduce maternal and newborn mortality and morbidity.
- Facilitate knowledge and experience sharing opportunities to enhance skilled care.
- Embrace innovation and technology to create efficiency in service delivery.
- To uphold professionalism, integrity and respect to all those we serve.

**(c) Key Management**

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

- County department of health
- Board of Management (**not yet implemented**)
- Accounting Officer/ Medical Superintendent
- The Hospital Management Team (HMT)

- Others (*specify*)

**(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>Dr. Monica Ogetange</b>
2.	Health Administrator Officer	<b>Hudaa Said</b>
3	Head of supply chain	<b>James Ziro</b>
4.	Nursing Officer In-Charge	<b>Salome Kimonge</b>
5.	Pharmacist in-charge	<b>Stella Ayub</b>
6.	Head of Consultants	<b>Dr. Bijuma Mithwana</b>
7.	Clinical Officer in charge	<b>Alinoor Rashid</b>
8.	Health Records officer in charge	<b>Fatuma Mwakiboko</b>
9.	Head of Laboratory Services	<b>Rama Longo Kibwana</b>
10	Nutritionist	<b>Elizabeth Barasa</b>
11.	Hospital Maintenance Unit in charge	<b>Martin Nyamu</b>
12	Public Health Officer	<b>Hamisi Ali</b>

*(Include all positions regarded as top management in your hospital).*

**(e) Fiduciary Oversight Arrangements**

**Hospital Management Team (HMT)**

**Chaired by the Medical Superintendent; the team is responsible for:**

- Strategic and Service Delivery Planning by guiding hospital operations and align resource allocation with strategic objectives, service priorities, and performance targets.
- Budget Preparation and Financial Oversight by developing, the annual work plan and budget, ensuring prudent use of resources and effective revenue and expenditure management.
- Compliance and Accountability – Ensure adherence to the procurement laws, financial regulations, and other applicable policies.
- Performance Monitoring and Reporting including operational reports, and submitting them to the County Department of Health and relevant oversight bodies.
- Stakeholder Engagement and Quality Assurance; Collaborating with staff, community representatives, and partners while ensuring service quality and compliance with health standards.

**Executive Expenditure committee (EEC)**

- Review and approve departmental procurement plans, requisitions, and planned expenditures.
- Monitor budget utilization and financial performance against approved allocations.

- Ensure all expenditures align with service delivery priorities and comply with procurement laws, financial regulations, and donor requirements.
- Evaluate and prioritize urgent or emergency procurement needs and recommend reallocations where necessary.
- Review expenditure reports, audit findings, and advise on the financial implications of new programs or service expansions.

#### **Procurement Committee**

- Ensure all procurement activities comply with procurement laws, regulations, and hospital policies.
- Oversee the RFQ process to obtain competitive prices and ensure fairness and transparency.
- Review and recommend suppliers based on price, quality, and ability to deliver within required timelines.
- Monitor procurement risks and ensure timely availability of goods and services to support hospital operations.
- Maintain proper procurement records and submit periodic reports to hospital management and relevant authorities.

#### **Waiver Committee**

The committee has the following responsibilities;

- Develop a criterion for waivers
- Receive waiver applications and supporting documents
- Evaluate patient's eligibility for the waiver applied for
- Recommend partial or full waiver for those who are eligible (or not recommend a waiver request that does not meet eligibility criterion)
- Maintain fairness and confidentiality in decision making
- Advise the hospital management on planning purposes and social vulnerability
- Prepare minutes of every waiver committee meeting
- Submit monthly reports to the CECM Health
- Record all waivers and exemptions in the register

#### **Human Resource Management Advisory Committee (HRMAC).**

The committee ensures that HR policies and practices comply with relevant laws and regulations, such as employment laws and Code of regulations. Identifies potential HR-related risks and advising on mitigation strategies to protect the hospital from legal and reputational risks

### **Medicine and Therapeutic committee (MTC)**

The MTC has the following mandate in the facility:

1. Formulary Management: Oversees the selection, procurement, and rational use of medicines to ensure cost-effectiveness and patient safety.
2. Clinical Guidelines Development: Establishes and updates treatment protocols and guidelines based on evidence-based practices.
3. Adverse Drug Reaction (ADR) Monitoring: Evaluates and investigates medication-related adverse events to improve patient safety.
4. Antimicrobial Stewardship: Implements policies to promote the responsible use of antibiotics and combat antimicrobial resistance.
5. Education and Training: Provides training to healthcare

### **Maternal and Perinatal Death Surveillance and Response (MPDSR) Committee**

**The committee is responsible for:**

1. Review Maternal and Perinatal Deaths: Analyses cases to identify causes and contributing factors.
2. Implement Corrective Actions: Develops and enforces strategies to prevent future deaths.
3. Data Collection and Reporting: Ensures accurate documentation and submission of findings to relevant health authorities.
4. Training and Capacity Building: Educates healthcare staff on best practices for maternal and perinatal care.

### **Infection and Prevention Committee (IPC)**

The committee oversees the following functions:

1. Develop, implement, and update infection control policies and procedures to prevent and control healthcare-associated infections
2. Ensure availability of necessary supplies and equipment for infection control and Manage procurement issues related to infection control
3. sensitize healthcare workers on infection control practices, policies, and procedures
4. Identify potential infection risks and develop strategies to mitigate them

### **Quality Improvement Committee.**

1. Enhancing patient care by identifying areas for improvement and implementing changes to reduce errors, improve patient satisfaction, and optimize resource use.
2. Streamlining processes and reducing waste, this help the hospital operate more efficiently.

### **Security Committee**

1. Hospital Security Oversight: Ensures a safe and secure environment for patients, staff, and visitors.
2. Incident Response and Investigation: Handles security breaches, theft, violence, and other safety concerns.
3. Risk Assessment and Mitigation: Identifies potential security threats and implements preventive measures.
4. Coordination with Law Enforcement: Collaborates with authorities for legal and emergency response actions.

These committees are supported and encouraged to meet monthly with meeting minutes availed as proof. The hospital has facility parents from the sub-county who also support in managing any arising challenges as well as supporting the management, they are the sub-county laboratory coordinator, TB coordinator, PHO and administrator.

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

**(f) Entity Headquarters**

Mrima Maternity Hospital  
Next to Likoni Approved School  
P.O. Box 90502-80100  
Mombasa, Kenya

**(g) Entity Contacts**

**Telephone:** (+254) 799998889  
**E-mail:** hmrima@yahoo.com

**(h) Entity Bankers**

Co-operative Bank of Kenya  
Account Number 01141627219000  
Likoni 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**

Bima Towers, 6<sup>th</sup> floor  
Digo Road  
P.O. Box. 81599-80100  
Mombasa, Kenya



### 3. The Board of Management

The hospital currently does not have a board of management. Although names have been submitted, the board is yet to be constituted.

Ref	Directors	Details
1.	Director 1 <i>(Insert each Director's passport-size photo and name, and key profession/academic qualifications)</i>	Provide a concise description of each Director's age, key qualifications, and work experience. Indicate whether the director is independent or an executive director and which committee of the Board the director chairs where applicable. Indicate whether the director is independent and or whether alternate.
2.	Director 2	
3.	Director 3	
4.	Director 4/Alternate	
5.	MED SUP	
6.	Entity Secretary	Indicate whether the secretary is a member of ICS as required under the Mwongozo code in addition to their other details.

#### 4. Key Management Team

Ref	Management	Details
1.	<p><b>Dr. Monica Ogetange</b></p>  <p><b>Medical Superintendent</b> <b>MPH- MSc Public Health;</b> <b>Bachelor of Pharmacy</b></p>	<p>Key Responsibilities</p> <ol style="list-style-type: none"> <li>1. Administration and Operations Management</li> <li>2. Financial and Resource Management</li> <li>3. Compliance and Quality Assurance</li> <li>4. Stakeholder and Community Engagement</li> </ol>
2.	<p><b>Hudaa Said</b></p>  <p><b>Health Administrative Officer (HAO)</b> <b>Bachelor of Business Management (Finance)</b> <b>CPA part II</b></p>	<p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Revenue Collection and Banking and reconciliation</li> <li>2. Submitting Monthly Financial Reports</li> <li>3. Performance Monitoring for each department against targets</li> <li>4. Billing and Claims Management</li> </ol>
3.	<p><b>Salome Kimonge</b></p>	<p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Oversight on the nursing staff to ensure collections of all in-patient (SHIF, Cash and waivers)</li> <li>2. Oversight on Nursing staff in out-patient to ensure</li> </ol>

	 <p><b>Nursing Officer</b>  <b>Kenya Registered</b>  <b>Community Health Nurse</b></p>	<p>charging of appropriate schemes for out-patient services,</p> <p>3.Submitting the Nursing department needs during the FIF sharing</p>
<p>4.</p>	<p><b>James Ziro</b></p>  <p><b>Diploma in procurement and materials management.</b></p>	<p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Oversee procurement, storage, and distribution of medical supplies and equipment to ensure timely delivery and cost-effectiveness.</li> <li>2. Monitor inventory levels to prevent shortages or overstocking, ensuring that supplies meet patient care needs.</li> <li>3. Ensure compliance with healthcare regulations and standards, and mitigate risks such as supply disruptions</li> </ol>

*(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)*

**5. Chairman’s Statement**

**There is no Chairman as the Board of Management has not yet been constituted**

.....

**Name**

**Chairman to the Board**

## 6. Report of The Medical Superintendent

Mrima Maternity Hospital is a Level Four healthcare facility strategically located in Likoni Sub-County, serving a diverse population from various ethnic, religious, and socioeconomic backgrounds. As a referral hub for Level 2 and 3 facilities within the sub-county, the hospital continues to play a vital role in ensuring access to quality reproductive, maternal, newborn, child, and general health services.

### 2. Overview of the Year

During the 2024/25 reporting period, the hospital achieved significant milestones despite operational challenges:

- **Patient Attendance:** A total of **62,837 patients** were served, representing a **3.8% increase** from **60,493 patients** in FY 2022/23.
- **Financial Performance:**
  - **Operating Revenue:** Ksh. **45,103,949**
  - **Total Expenditure:** Ksh. **38,998,384**
  - **Surplus:** The resulting surplus has been carried forward to FY 2025/26. This includes amounts earmarked for the procurement of an **Uninterrupted Power Supply (UPS)** system and pending deposits from unbanked cheques.

### 3. Key Achievements and Service Delivery

The hospital has sustained comprehensive service delivery, both in-patient and out-patient:

- Inpatient services: 24-hour specialized SRH care including maternity (C/S and SVD deliveries), gynaecology, antenatal admissions.
- Outpatient services: Antenatal, postnatal, family planning, immunization, general OPD, nutrition, dental, radiology (ultrasound), laboratory (24-hour), pharmacy, and psychological counselling.
- Special clinics: Gynaecology (Mondays), High-Risk Clinic (Thursdays), Paediatric OPD (Mon/Wed/Thurs), and Medical OPD (Tuesdays), all run by consultants.
- Ambulance service: One functional BLS-standard ambulance serving both the hospital and external clients at a fee.
- Successfully conducted the Annual Integrated In-reach on 30th April 2025, providing healthcare services to 589 patients.
- Received 12 CPAP machines donated by the Ministry of Health to strengthen Newborn Care services.

#### **4. Health System Financing**

The primary funding source remains FIF through SHA supplemented by:

- Cash payments (for patients not registered with SHA)
- County government reimbursements for under-5 care
- Donor and partner support

#### **4. Health Workforce**

**Current staffing stands at:**

<b>Category</b>	<b>Number</b>
<b>Permanent &amp; Pensionable</b>	<b>99</b>
<b>UHC Staff</b>	<b>6</b>
<b>CGTRH Staff</b>	<b>1</b>
<b>County Contracted</b>	<b>26</b>
<b>Facility Contracted</b>	<b>8</b>
<b>Partner-supported</b>	<b>3</b>
<b>Attrition</b>	<b>1 retired</b>
•	<b>3- resigned</b>

- **External Service Provider:**
  - Dean Security with 11 personnel.
  - Kulty Cleaners with 14 personnel.
- **Community Health Promoters: 190 across 19 CUs reporting through CHEWs.**
- **Staff on study leave: 5 pursuing the following courses:**
  - *Masters in Ecsacog*
  - *Higher Diploma in Anaesthesia in Clinical Medicine*
  - *Bachelor of Pharmacy*
  - *Bachelor of Science in Midwife*
  - *Diploma in Health Records & Information*

#### **5. Medical Products, Vaccines, and Technologies**

During the reporting period, the hospital maintained supply levels at an average of **over 85% availability**, ensuring consistent service delivery to patients. Instances of stockouts were minimal and primarily attributable to:

- Procurement delays arising from temporary stock unavailability among some suppliers of general and program drugs, including family planning commodities.

- The absence of a digitized, real-time inventory monitoring system, which occasionally hampered timely stock replenishment.

#### **Donations of Drugs:**

The hospital received valuable pharmaceutical support during the year, including:

- **Microlabs** – drugs valued at **KSh. 75,570.**
- **Highridge Pharmaceuticals** – drugs valued at **KSh. 5,050.**

#### **Donations of Medical Equipment:**

- **12 CPAP machines** from the Ministry of Health, supported by USAID, to enhance neonatal and respiratory care.
- **Getin 1160 HbA1c machine** from Steplabs, through an initiative by Medtronic Labs, to strengthen Non-Communicable Disease (NCD) management at the facility.

#### **Major Equipment Repair:**

- Repair of Unimac Industrial Washing Machine after two years of breakdown, restoring efficient linen processing and strengthening infection prevention and control beyond manual hand washing
- Service and repair of the 50kVA FG Wilson Generator, hence ensuring uninterrupted power supply to essential hospital operations.

### **7. Health Information Systems**

- CCC department continues to operate on KEMR.
- Other departments operate manually Monthly data review meetings have been done to ensure service data is shared and acted upon.
- Implementation of the Taifa Care EMR system stalled, and we are awaiting full rollout by the National Government under the program. The assessment and service delivery points (SDPs) have already been identified, 40 tablets were issued, and initial training was conducted. However, the project was temporarily withdrawn to focus on a single Level 4 facility, allowing for updates and system optimization before implementation across other facility.

### **8. Infrastructure**

The hospital sits on approximately 1.51 ha of land. The premises houses several buildings/units including;

- the main hospital building,
- the waste zone & bio digester

- external laundry area,
- 2 staff units: currently housing the sub-county public health officers and the other one serves as the sub-county KEPI store,
- a mosque,
- youth friendly container,
- public toilets,
- a standalone container village housing the sub-county staff,
- 2 generator rooms,
- a security and waiting shed,
- an underground water storage reservoir
- condemned incinerator and public toilets

### **Projects during the year**

**Partitioning and Expansion of Procedure Room (Outpatient Department):** The hospital successfully undertook partitioning works that created an expanded procedure room within the Outpatient Department. This project has improved workflow efficiency, enhanced patient privacy, and increased the department's capacity to handle minor procedures.

### **Ongoing Project**

**Oxygen Piping and Manifold Installation (by AMREF Health Africa):** In partnership with AMREF Health Africa, the hospital is in the process of installing a centralized oxygen piping and manifold system. This project is expected to significantly improve patient care by ensuring a reliable and uninterrupted supply of medical oxygen across critical service points.


## **9. Challenges**

- Persistent staffing shortages and high attrition rates, particularly among the nursing cadre.
- Delays in reimbursements from the Social Health Authority (SHA), impacting cash flow and service continuity.
- Disruptions in service delivery due to industrial actions, including strikes by nurses, Registered Clinical Officers (RCOs), and UHC staff.
- Withdrawal of key partners supporting HIV and TB care, creating service delivery gaps and highlighting the urgent need for sustainable, long-term funding strategies should the USAID exit be finalized.

- Lack of Essential diagnostic Equipment and services at the facility despite being a level 4 hospital

**10. Way Forward / Future Outlook**

- Implement targeted recruitment and retention measures to address shortages in critical staff categories.
- Intensify advocacy for prompt reimbursements under SHIF/PHC programs.
- Roll out EMR coverage to all hospital departments to improve efficiency and data management.
- Strengthen supply chain systems by diversifying procurement sources to enhance resilience.
- Make equipment requisitions through the National Equipment Service Program (NESP) a National Government of Kenya initiative designed to ensure access to essential medical equipment in county health facilities.

  
.....  
MEDICAL SUPERINTENDENT  
MRIMA MATERNITY HOSPITAL  
Name **DR. MONICA OGETANI**  
Secretary to the Board  
P. O. Box 90502 - 80100  
MOMBASA

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

Mrima Maternity Hospital has 6 strategic pillars/ themes/issues and objectives within the current Annual Work Plan for the FY 2024-25. These strategic pillars/ themes/ issues are as follows:

- i. Eliminate communicable conditions
- ii. Halt, and reverse the rising burden of non- communicable conditions
- iii. Reduce the burden of violence and injuries
- iv. Provide essential health care
- v. Minimize exposure to health risk factors
- vi. Strengthen collaboration with health-related sectors

Mrima Maternity Hospital develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The facility achieved its performance targets set for the FY 2024/2025 period for its xx 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>
Eliminate Communicable conditions	To reduce communicable diseases	1.HIV+ pregnant mothers receiving preventive ARV’s to reduce risk of mother to child transmission (PMTCT)	ANC screening & treatment of HIV positive Defaulter tracing	37 pregnant mothers initiated on ARV
		2. Number of children under		668

		<p>the age of five treated for diarrhoea</p> <p>3. Number of eligible HIV clients on ARVs</p> <p>4.Children under one year of age fully immunized</p>		<p>children successful managed for diarrhoea</p> <p>689 eligible clients are on ARV treatment</p> <p>1926 Children &lt;1 year of age fully immunized</p>
Halt and reverse the burden of non-communicable conditions	To reduce the incidence of Non communicable diseases	<p>1.Number of adult OPD clients with BMI of more than 25</p> <p>2.Number of women of reproductive age (WRA) screened for cervical cancer</p> <p>3, Number of new outpatients found with high blood pressure</p>	<p>Screening for NCDs</p> <p>Early detection and treatment of NCDs</p>	<p>530 clients have BMI of more than 25</p> <p><b>509</b></p>

				<b>97</b>
Reduce the burden of violence and injuries		Number of new outpatient cases attributed to road traffic accidents		<b>7</b>
Provide essential health care		1.No. of pregnant women attending at least four ANC visits		<b>1338</b>
		2.Number of WRA receiving family planning commodity		<b>3255</b>
		3. Number of clients tested for HIV		<b>5909</b>
		4. Number of deliveries conducted by skilled attendants in health facilities		<b>2756</b>
		5. Number of pregnant women getting iron supplements		<b>9070</b>
Minimize exposure to health risk factors	To strengthen health promotion interventions			

	and facilitate the use of services that lead to healthy lifestyles		
Strengthen collaboration with health-related sectors	To build & strengthen partnerships with the public and private sectors to address priority health system needs	Number of children under five years of age attending child welfare clinics who are under weight  Number of children under five years of age attending child welfare clinics who are stunted	319  136

## 8. Corporate Governance Statement

Provide the corporate governance statement as guided below:

- i. *Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*

**The hospital currently does not have a board of management. Although names have been submitted, the board is yet to be constituted.**

- ii. *Roles and functions of the board*
- iii. *Induction, training, and development*
- iv. *Board and members' performance*
- v. *Number of Board meetings held and the attendance to those meetings by members*
- vi. *Succession plan*
- vii. *Policy to manage conflict of interest.*
- viii. *Board remuneration*
- ix. *Ethics and Conduct*
- x. *Governance audit*
- xi. *Communication policy*
- xii. *Terms of Reference of Committees*
- xiii. *Policy on related party transactions*

## 9. Management Discussion and Analysis

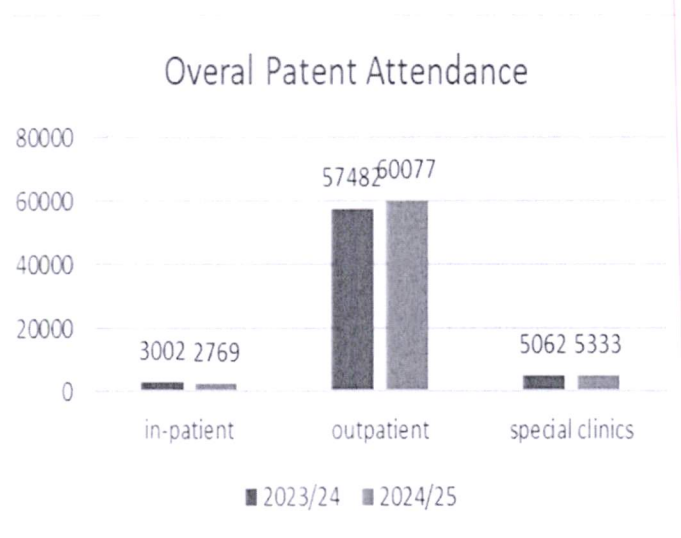
The FY 2024/25 was marked by a combination of achievements and challenges in both clinical operations and financial performance. This section provides management’s detailed analysis of these results, highlighting trends over the past two financial years (2023/24 and 2024/25).

### *i. Overall patient attendance*

The hospital maintained a bed capacity of 41 during the year. Patient attendance continued to reflect a mixed trend across service areas.

Inpatient admissions recorded a slight decline compared to the previous year, largely due to a series of healthcare worker strikes that disrupted inpatient services. Outpatient services, however, remained unaffected as they were sustained by the availability of contracted staff during strike periods.

Proactive community engagement through health talks and dialogue helped maintain patient confidence and steady attendance even during transition period from NHIF/Linda Mama to SHIF. In addition, specialized clinics including the Medical Outpatient, Paediatric Outpatient, and Gynaecology Clinics played a pivotal role in attracting more patients and expanding the hospital’s service base.



### *ii. Clinical performance*

The Clinical performance indicators (**Table 1**) demonstrate incremental improvements in operational efficiency. The average length of stay for inpatients remained stable at two days, consistent with the hospital’s high proportion of maternity admissions, which typically require shorter hospitalization. Bed occupancy improved from 45% in 2023/24 to 57% in 2024/25, showing more efficient use of available capacity. Similarly, theatre utilization rose from 14.5% to 23%, reflecting both improved demand and management efforts to strengthen surgical services. Mortality rates decreased further to

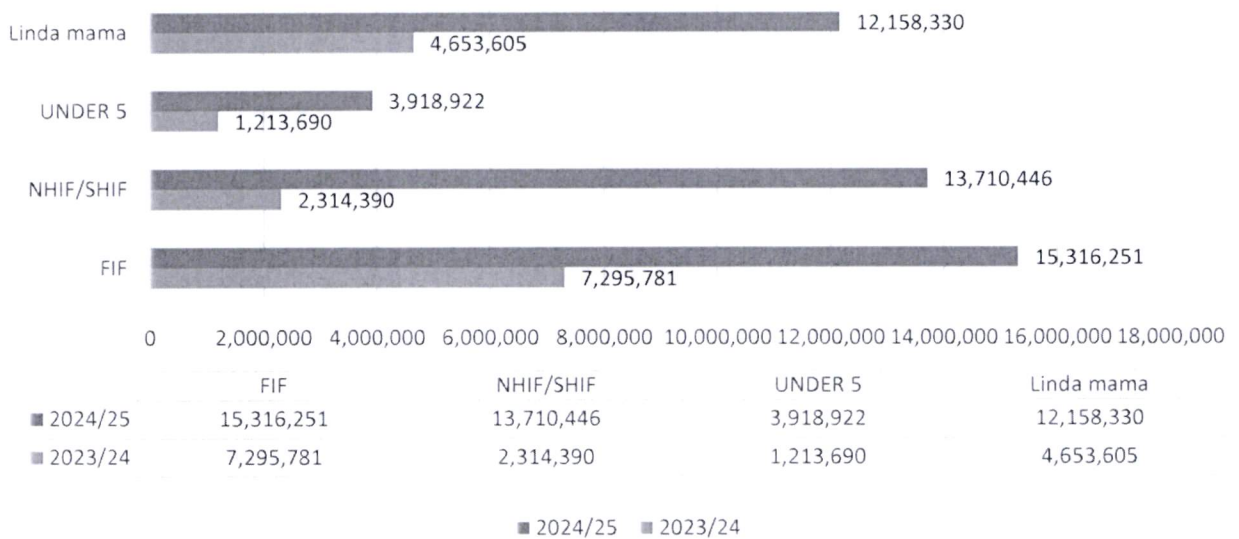
2.0 per 1,000 live births, down from 2.55 in the previous year, a positive outcome that underscores ongoing enhancements in patient care, referral systems, and clinical management.

**Table 1: Clinical Performance**

Parameter	2023/24	2024/25
Bed occupancy	45%	57%
Surgical utilization (cases)	14.50%	23%
Mortality rate	2.55/1000	2/1000
Average length of stay(days)	2	2

**Financial performance**

**REVENUE SOURCES**



The financial performance in 2024/25 was characterized by mixed results in revenue mobilization. In October and December 2024, the facility received KSh 12 million in reimbursements from the Linda Mama program. NHIF/SHIF reimbursements were relatively

higher this year compared to the previous one, although challenges remain. The hospital submitted claims amounting to over Ksh. 23.7 million, of which only about Ksh. 13.7 million was reimbursed, representing a settlement rate of 58%. Reimbursements for under-five program were settled at an even lower rate of 49%. This trend highlights the persistent challenge of delayed and partial reimbursements, which directly impacts liquidity and operational planning.

Despite these constraints, the hospital successfully utilized all funds collected in the financial year to sustain operations. Surpluses generated were earmarked for critical priorities, including the planned procurement of an Uninterrupted Power Supply (UPS) system and addressing pending obligations such as unbanked cheques. Overall, prudent financial management ensured that services were maintained without disruption, even in the face of delayed external reimbursements.

### ***Sponsorships and partnerships***

The hospital also benefited from strategic partnerships during the year:

- Medtronics Lab supported service delivery by donating a HBA1c machine for diabetic care.
- AMREF contributed to infrastructure development by initiating the construction of an oxygen manifold and piping system, a project still in progress.
- Pharmaceutical companies, particularly Highridge, provided support that bolstered service delivery capacity.

These partnerships remain vital in bridging resource gaps and ensuring sustainability

### ***Compliance and Risk Environment***

The hospital remained compliant with statutory obligations during the year, though systemic issues in the reimbursement framework continue to pose risks to financial sustainability. Heavy reliance on insurance reimbursements, which are often delayed or only partially honoured, creates uncertainty in revenue flows. Service delivery gaps, such as those caused by the temporary closure of the NBU, also affect the hospital's ability to fully utilize its capacity and serve its patient base. Infrastructure gaps, particularly limited backup power capacity, remain a challenge to uninterrupted service delivery.

### ***Key Projects and Strategic Outlook***

To address existing challenges and build on recent progress, management has outlined several strategic priorities for the coming period:

- **Reopening and Strengthening the Neonatal Unit (NBU):** Restoring and upgrading NBU services will be critical in increasing inpatient volumes, minimizing neonatal referrals, and improving survival and health outcomes for newborns.
- **Optimizing Theatre Utilization:** The hospital aims to expand its surgical capacity by reducing external referrals and managing a greater number of procedures in-house, thereby enhancing efficiency and service delivery.
- **Patient Engagement and Community Outreach:** Building on the success of ongoing health talks, management will continue to prioritize community engagement initiatives to sustain outpatient numbers and deepen public trust in the hospital.
- **Equipment Acquisition and Modernization:** Plans are underway to procure essential equipment, including an X-ray machine as well as laboratory and theatre equipment. These investments will ensure that patients can access a comprehensive range of services under one roof and in line with the standards required of a Level 4 hospital

### ***Conclusion***

The 2024/25 period demonstrated the hospital's resilience in balancing financial and operational pressures. While inpatient volumes declined due to structural challenges, the hospital registered growth in outpatient and specialized services. Financially, challenges in reimbursements persist, but effective fund utilization and ongoing partnerships provided stability. Moving forward, the hospital's focus on infrastructure development, specialized service expansion, and patient-centred engagement will be central to sustaining improvements and achieving long-term financial and operational sustainability.

## 10. Environmental and Sustainability Reporting

### *i) Sustainability strategy and profile*

Mrima Maternity Hospital's mandate is to deliver accessible, high-quality healthcare services with a strong focus on Sexual and Reproductive Health (SRH). Our sustainability strategy aligns with global frameworks such as the Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being), SDG 5 (Gender Equality), and SDG 12 (Responsible Consumption and Production).

To maintain service delivery, the hospital has adopted internationally recognized best practices, including capacity building and adapting to evolving political and macroeconomic conditions. The medical superintendent and management team play a vital role in driving sustainability efforts by identifying successes and areas for improvement. Through these strategic measures, the hospital continues to provide uninterrupted healthcare services, enhancing community health and well-being.

Our sustainability approach is built on four pillars:

- **Environmental sustainability** – Responsible waste management, energy efficiency, and pollution reduction.
- **Social sustainability** – Inclusive community engagement and patient-centered care.
- **Economic sustainability** – Efficient resource utilization and responsible procurement.
- **Innovation** – Leveraging digital health platforms to reduce inefficiencies and enhance care.

### *ii) Environmental performance*

The hospital has comprehensive **Standard Operating Procedures (SOPs)** aligned with the national environmental guidelines. Key initiatives include:

- **Waste Management:** A color-coded segregation system, treatment of infectious waste via autoclaving, incineration, or chemical disinfection, and restricted-access waste zones. Waste handlers are trained, equipped with PPE, and compliance is regularly monitored.
- **Biodigester:** Installed to sustainably process organic and human waste, minimizing environmental contamination.

**iii) Energy Efficiency:** The hospital is advocating for support from the county government to adopt renewable energy solutions through installation of a solar-powered lighting system. This initiative is aimed at reducing dependence on the national electricity grid, lowering

operational costs, and enhancing environmental sustainability in line with global best practices.

***iv) Employee welfare***

Hiring of employees at Mrima maternity Hospital is done at the County level, guided by the County Public Service Human Resource Manual, of May 2013. Recruitment is guided by the values and principles of the public service spelt out in Article 232 of the Constitution. 10 (2).

Mrima Maternity Hospital through the Mombasa County Public Service Board promotes equality of opportunity in employment and will not discriminate directly or indirectly against an employee on the grounds of race, colour, sex, language, religion, disability, pregnancy, mental status, HIV status, and in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or any matters arising out of employment. It ensures that not more than two-thirds of vacant posts are filled by either gender in the county public service. It ensures that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

Performance appraisal is based upon the principal of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including staff development, career progression, recruitment, placement, incentives and sanctions.

***v) Market place practices***

Mrima Maternity Hospital upholds integrity, transparency, and accountability in all market-facing activities, ensuring that its procurement, financial management, and engagement with stakeholders adhere to the highest ethical and professional standards. The hospital's efforts are guided by national public procurement regulations, public finance management laws, and international sustainability principles.

***a) Responsible Competition Practices***

The hospital ensures responsible competition by implementing transparent and open tendering procedures in line with public procurement guidelines. Anti-corruption measures are strictly enforced through separation of duties in procurement and financial approvals, regular audits, and

oversight by the Hospital Management Team (HMT) and Executive Expenditure Committee (EEC). Service automation and cashless payment systems further strengthen accountability and minimize risks of malpractice. The hospital also maintains a service charter that outlines expected service delivery standards and provides mechanisms for patient feedback and redress.

***b) Responsible Supply Chain and Supplier Relations***

Mrima Maternity Hospital is committed to fostering fair and responsible supplier relationships. All procurement processes are conducted competitively, ensuring equal opportunity for vendors. Contracts are honored in a timely manner, and payment practices are designed to respect supplier commitments. Vendor selection emphasizes value for money, quality assurance, and compliance with ethical and regulatory standards. By treating suppliers as partners, the hospital sustains reliable supply chains for essential drugs, equipment, and medical supplies.

***c) Responsible Engagement with Citizens***

In place of traditional marketing, the hospital engages with citizens through ethical and transparent outreach initiatives. These include public health sensitization forums, community health talks, and regular updates through notice boards and county communication channels. Information shared is factual, respectful, and culturally sensitive, ensuring that citizens are not misled by exaggerated promises. This approach promotes trust, inclusivity, and responsible healthcare-seeking behavior within the community.

***d) Product Stewardship and Awareness Creation***

The hospital prioritizes the protection of patient rights and interests in all service delivery processes. Patients are provided with adequate information on healthcare services, including entitlements under NHIF and family planning options. Consumer data is handled with strict confidentiality in compliance with data protection principles. Dispute resolution and redress mechanisms are available through structured complaint handling procedures and patient feedback forums. Through these efforts, the hospital safeguards patient health and safety while upholding transparency and accountability in its healthcare provision.

*vi) Corporate Social Responsibility / Community Engagements*

In line with our mandate, the hospital prioritizes community-focused health interventions. During the year, **Mrima Maternity Hospital conducted an integrated in-reach program**, providing **free outpatient consultations** to **589 clients**, covering general checkups, dental care, laboratory services, family planning, and essential drugs.

Additionally, the hospital continuously engages the community through:

- Public health sensitization forums.
- Outreach on reproductive health and family planning.
- Partnerships with local stakeholders to strengthen healthcare access.

These CSR activities not only addressed immediate community health needs but also fostered trust, inclusivity, and preventive care awareness among the local population.

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

**The hospital currently does not have a board of management. Although names have been submitted, the board is yet to be constituted.**

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the *hospital's* affairs.

**Principal activities**

The principal activities of the entity are (continue to be) ....

**Results**

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

**Board of Management**

The members of the Board who served during the year are shown on page xxx. During the year, xxx director(s) retired/ resigned, and xxx director (s)was appointed with effect from xxxx date.

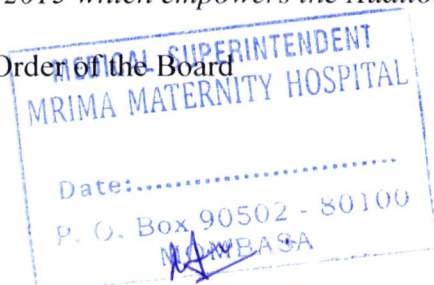
**Auditors**

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.

OR

*XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2025 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.*

By Order of the Board



.....  
Name DR. MONICA OCEYANGE

**Secretary to the Board**

*(To be signed by the Secretary of the Board)*

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

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

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

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


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

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

### **Approval of the financial statements**

The Hospital’s financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

.....  
**Name:**  
**Chairperson**  
**Board of Management**

  
.....  
**Name:** DR. MONICA OGEGA  
**Accounting Officer**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON MRIMA MATERNITY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MOMBASA**

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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,

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 Mrima Maternity Level 4 Hospital set out on pages 1 to 59, which comprise of the statement of financial position

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*Report of the Auditor-General on Mrima Maternity Level 4 Hospital for the year ended 30 June, 2025 – County Government of Mombasa*

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

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

### **Basis for Qualified Opinion**

#### **1. Misclassification of Medical/Clinical Costs**

The statements of financial performance reflect total revenues of Kshs.214,728,568 which includes medical /clinical costs of Kshs.19,543,029. However, it was established that the components listed below relating to medical/clinical costs had been misclassified as per the schedules provided for audit review: -

<b>Medical/Clinical Costs</b>	<b>Amounts Kshs</b>	<b>Correct Classification as per Schedules</b>
Dental Costs/Materials	3,198,537.00	Laboratory Chemicals and Reagents
Food Ration	505,200.00	Uniform, Clothing and Linen
Uniform Clothing and Linen	4,169,733.00	Dressing and Non-Pharmaceuticals
Dressing and Non-Pharmaceuticals	3,835,522.00	Pharmaceutical Supplies
Pharmaceutical Supplies	1,057,227.00	Health Information Stationery
Reproductive Health material	2,492,709.00	Sanitary and Cleansing Materials
Sanitary and Cleansing Materials	246,244.00	Purchase of Medical Gas
X-Ray/Radiology Supplies	1,019,899.00	Other Medical related Clinical Costs

In the circumstances, the accuracy and completeness of the statement of financial performance amounts could not be confirmed.

## 2. Variances Between the Opening Balances in Financial Statements and the Closing Balances for Prior Financial Statements

Review of the financial records disclosed the following variances between the financial statements opening balances and the those shown in the prior years' financial statements closing balances: -

Component	Opening balances in Financial Statements (Kshs.)	Closing Balances as per Prior Years' Financial Statements. (Kshs.)	Variances (Kshs.)
Statement of Changes in Net Assets			
At July 1, 2024	197,192,201	208,910,405	- 11,718,204
At June 30 ,2025	248,324,741	260,042,945	- 11,718,204
Statement of Cashflows			
Net Increase/(decrease) in Cash and Cash Equivalents	-5,319,974	-5,420,975	101,001

In the circumstances, the accuracy of the financial statement balances could not be confirmed.

## 3. Unconfirmed In-Kind Contribution from County Government Kshs.148,239,440

The statement of financial performance and Note 7 reflects in-kind contribution from County Government of Kshs.148,239,440 relating to costs of employees who are seconded to the Hospital. However, the details of those workers and the amounts paid to the respective officers was not provided for audit review. In the absence of the listing and amounts paid, it was not possible to determine whether the remuneration paid to the officers was in line with the salaries and remuneration commission.

In the circumstance, the accuracy and completeness of the in-kind contribution from County Government of Kshs.148,239,440 could not be confirmed.

## 4. Misstatement of Property, Plant and Equipment Balance

The statement of financial position and Note 32 reflects property, plant and equipment of Kshs.232,968,534.00. However, management did not provide schedules or valuation reports disclosing how the values were determined and title deed to the parcel of land on which the Hospital stands was not provided for audit review. Further, the balance excluded the values of motor vehicles yet the Hospital had an ambulance.

In the circumstances, the accuracy, ownership and existence of property, plant and equipment balance of Kshs.232,968,534 could not be confirmed.

#### **5. Unsupported Expenditure of Telephone Expense**

The statement of financial performance and as disclosed in Note 21 to the financial statements reflects general expenses of Kshs.12,618,490. Included in the amount is Kshs.570,154 in respect of internet expenses which comprised of telephone expenses of Kshs. 372,000. However, review of expenditure and procurement records revealed that the items were not supported with store receipts and stores ledger cards. Further, detailed breakdown of staff and airtime received against the entitlement was not provided for the audit review.

In the circumstances, the accuracy and validity of the expenditure of Kshs.372,000 could not be confirmed.

#### **6. Unsupported Trade and Other Payables**

The statement of financial position and Note 36 to the financial statement reflects trade and other payables balance of Kshs.15,220,128. However, schedules, ledgers and supporting documents in support of trade payables balance of Kshs.15,220,128 in relation to staff payables were not provided for audit review.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.15,220,128 could not be confirmed.

#### **7. Irregular Engagement of Casuals**

The statement of financial performance and as disclosed under Note 16 to the financial statements reflects employee costs of Kshs.151,448,462. Included in the amount is Kshs.3,039,947 relating to contractual/casual employees. However, review of employees records revealed that a total of Kshs.1,160,359 was paid to the casuals despite their contracts ending in December 2024.

In the circumstances, the accuracy, completeness and validity of the casual employees payments of Kshs.1,160,359 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budget as a Control Tool and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.47,358,276 and Kshs.52,462,225

respectively, resulting to over-collection of Kshs.5,103,949, or 11% of the budget. However, the Hospital spent Kshs.38,998,385 against actual receipts of Kshs.52,462,225, resulting to an under-utilization of Kshs.13,463,840 or 26% of actual receipts.

The over collection implies lack of budget rationalization while under-utilization affected the planned activities and may have impacted negatively on service delivery to the public by the Hospital.

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 Matter**

#### **Unresolved Prior year Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit in 2024/2025 revealed sixteen (16) as detailed in the attached **Appendix** matters remained unresolved.

### **Other Information**

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

In connection with my audit on Mrima Maternity Level 4 Hospital financial statements, my responsibility is to read the Other Information and in doing so, I 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. Irregular Payments for Medical/Clinical Costs**

The statement of financial performance and as disclosed under Note 15 to the financial statements reflects medical/clinical expenses of Kshs.19,543,029. However, review of the payment vouchers for the expenditure revealed that a total of Kshs.1,140,920 was paid to firms which were not in the prequalified list of suppliers. This is in violation of Section 106 (2) (a) of the Public Procurement and Asset Disposal Act, 2015 which requires a procuring entity to give the request to such persons who are registered by the procuring entity.

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

### **2. Lack of an Approved Budget**

During the year under review, the Hospital did not have an approved budget. This is in contravention of Regulation 29 (2) (a) of the Public Finance Management (County Government) Regulations, 2015 which requires all services which could be reasonably foreseen, to be included in the estimates and that the same be within the capacity of the County Government entity during the financial year.

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

### **3. Irregular Management of Imprests**

Review of imprest records revealed that the Hospital did not maintain an imprest register as required by Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that 'before issuing temporary imprests an accounting officer to ensure that the applicants imprest has been recorded in the imprest register including the amount applied for.

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

### **4. Lack of an Approved Procurement Plan**

Review of policy documents revealed the Hospital did not have an approved procurement plan for the year under audit. This is contrary to Regulations 40(1) and 40(4) of the Public Procurement and Assets Disposal Regulations, 2020 which

requires a procuring entity to prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

#### 5. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

During the year under review, verification of services offered, equipment used and staffing levels revealed that the Hospital did not meet a number of key specifications as prescribed by the Kenya Quality Model for Health policy guidelines as analyzed below:

Personnel	Level 4 Standard	Actual Numbers	Deficit
Medical Officers	16	6	10
Anaesthesiologists	2	0	2
Neurologist	1	0	1
Optometrist	1	0	1
Paediatrics	2	0	2
Radiologists	2	0	2
Ophthalmologist	1	0	1
Physician(internist)	2	1	1
General Clinical Officers	30	7	23

Physical verification of equipment's within the facility on 13 November, 2025 indicated non-availability of Computed Topography (CT) scan, Magnetic Resonance Imaging (MRI) machine, Mammography machine, ENT unit, Ultra sound Machine, Radiology services and patient ventilators. There was also no Dental X-Ray machine, General X- Ray Machine, Intensive care unit (ICU), high dependance unit (HDU) and Support vehicle. There was also no Mortuary and Renal unit with at least five (5) dialysis. Further verification indicated that the hospital did not have the CCTV Camera System which is a necessity in Hospitals. The issue and receipt of medicine in the pharmacy was not automated and one of the laundry machines was not working, Vans in the Laundry office was not working at the time of Audit. The hospital also had one (1) working incubators as opposed to the required five (5) and further verification of the ward indicated that the hospital had forty one (41) beds contrary to the required one hundred and fifty (150) beds.

In the circumstances, the Sustainable Development Goal number 3.8 whose target is to achieve universal health coverage, including financial risk protection, access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all could not be achieved.

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 Board of Management**

Review of management records and the financial statements disclosed that the facility operated without Hospital Management Board. Further, the financial statements did not include a report on board of management information and chairman's statement. In addition, the financial statements were not signed by the chairman of the board.

In the circumstances, the effectiveness of risk management and governance at the Hospital could not be confirmed.

### **2. Failure to Maintain an Asset Register**

Review of management records revealed that the Hospital did not maintain an asset register for its movable and non-movable assets. This was contrary to Regulation 170(1) of the Public Procurement and Asset Disposal Regulation, 2020 which provides that an Accounting Officer of a procuring entity to be responsible for maintaining a register of assets under his or her control or possession.

In the circumstances, the existence and effectiveness of internal controls for asset management could not be confirmed.

### **3. Lack of Internal Audit Function**

Review of Management records revealed that the Hospital did not have an internal auditor and the internal audit department was not established, contrary to Section 153 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires all public entities to establish internal audit functions.

In the circumstances, the effectiveness of internal controls, risk management and governance at the Hospital could not be confirmed.

### **4. Lack of Risk Management Policy**

Assessment of the internal control system in place at the Hospital disclosed that Management had not established a risk management policy to mitigate and control operational and other risks that the facility may face from time to time. In addition, the Hospital had not carried out any risk assessments to identify and address key areas of concern and document specific controls in response to risks identified.

In the circumstances, the existence of an effective mechanism to safeguard against risks could not be confirmed.

## **5. Identification, Collection and Accounting for Own Generated Revenue**

The statement of financial performance reflects Kshs. 15,167,016 in relation to rendering of services - medical income as disclosed in Note 11 to the financial statements. Review of internal controls in respect to revenue collection established that there was no segregation of duties in revenue collection. The person receiving the payment confirmation details also records the receipts in the account, issues the receipts and records the transactions in the cash book register. This is contrary to Regulation 158 (1) (b) of the Public Finance Management (County Government) Regulation, 2015 which requires the Accounting Officer to ensure that the County Government entity to develop a system of risk management and internal controls that builds robust business operations.

In the circumstances, the effectiveness of the system of revenue collection and controls could not be confirmed.

## **6. Reliance on Manual Accounting System**

The Hospital relies on manual accounting system to record, process, and report its transactions. This is prone to errors, inconsistencies, lack of control for data, confidentiality, integrity, and availability, and lack of audit trail of transactions. This exposes the entity to service delivery interruptions in the case of an eventual loss of crucial data.

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

In preparing the financial statements, Management is responsible for assessing the Hospitals 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 governances 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

15 December, 2025

## Appendix

### Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Revenue from Non-Exchange Transactions
2	2023/2024	Omission of Grants and Subsidies Expenses
3	2023/2024	Unsupported Inventories Balances
4	2023/2024	Unsupported Property, Plant and Equipment
5	2023/2024	Budgetary Control and Performance
6	2023/2024	Failure to Prepare Quarterly Revenue Reports
7	2023/2024	Compliance with Universal Health Coverage (UHC)
8	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
9	2023/2024	Irregular Engagement of Casual Workers
10	2023/2024	Non-Compliance with the Law on Ethnic Composition
11	2023/2024	Commitment of Local Purchase Order (LPO) After 31 May, 2024
12	2023/2024	Unsupported Procurement of Goods and Services
13	2023/2024	Lack of Hospital Management Board
14	2023/2024	Lack of Internal Audit Function
15	2023/2024	Poor Management of Medical Supplies
16	2023/2024	Failure to Update Work Tickets

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

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

Description	Note	FY 2024-2025	2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	7,946,248	1,213,690
In-kind contributions from the County Government	7	148,239,440	123,085,916
Grants from donors and development partners		-	
Transfers from other Government entities	9	36,407,045	18,753,230
Public contributions and donations	10	-	
		<b>192,592,733</b>	<b>143,052,836</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	15,167,016	7,293,780
Revenue from rent of facilities	12	-	
Finance /Interest Income	13	-	
Miscellaneous Income	14	-	
<b>Revenue from exchange transactions</b>		<b>15,167,016</b>	<b>7,293,780</b>
<b>Total revenue</b>		<b>207,759,749</b>	<b>150,346,616</b>
<b>Expenses</b>			
Medical/Clinical costs	15	19,543,029	9,897,054
Employee costs	16	151,448,462	128,129,747
Board of Management Expenses	17	155,000	-
Depreciation and amortization expense	18	28,453,211	-
Repairs and maintenance	19	2,510,376	545,630
Grants and subsidies	20	-	-
General expenses	21	12,618,490	5,310,926
Finance costs	22	-	
<b>Total expenses</b>		<b>214,728,568</b>	<b>143,883,357</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	
Medical services contracts Gains/Losses	25	-	


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Impairment loss	26	-	
Gain on foreign exchange transactions			
<b>Total other gains/(losses)</b>		-	
<b>Net Surplus / (Deficit) for the year</b>		<b>(6,968,819)</b>	<b>6,463,259</b>

*(The notes set out on pages 10 to 60 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

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

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

**MEDICAL SUPERINTENDENT**  
**MRIMA MATERNITY HOSPITAL**  
  
.....  
**Medical Superintendent**  
**MOMBASA**

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

Description	Note	FY 2024-2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	13,463,840	7,358,276
Prepayments	28	-	
Receivables from exchange transactions	29	14,416,360	14,269,950
Receivables from non-exchange transactions	30	-	
Inventories	31	2,696,135	108,425
<b>Total Current Assets</b>		<b>30,576,335</b>	<b>21,736,651</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	232,968,534	189,667,895
Intangible assets		-	
Investment property		-	
Biological Assets		-	
<b>Total Non-current Assets</b>		<b>232,968,534</b>	<b>189,667,895</b>
<b>Total assets (A)</b>		<b>263,544,869</b>	<b>211,404,546</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	15,220,128	2,494,141
Refundable deposits from Patients/Prepayments		-	
Provisions		-	
Finance lease obligation		-	
Current portion of deferred income		-	
Current portion of borrowings		-	
<b>Total Current Liabilities</b>		<b>15,220,128</b>	<b>2,494,141</b>
<b>Non-current liabilities</b>			
Provisions		-	
Non-Current Finance lease obligation		-	


**Mrima Maternity Level 4 Hospital (Mombasa County Government)**  
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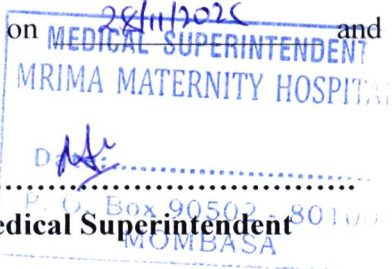
Non-Current portion of deferred income		-	
Non - Current portion of borrowings		-	
Service concession Arrangements		-	
<b>Total non-current liabilities</b>		-	
<b>Total Liabilities (B)</b>		<b>15,220,128</b>	<b>2,494,141</b>
<b>Net assets (A-B)</b>		<b>248,324,741</b>	<b>187,267,895</b>
<b>Represented by:</b>			
Revaluation reserve		247,769,255	189,667,896
Accumulated surplus/Deficit		555,486	19,242,509
Capital Fund			
<b>Net Assets</b>		<b>248,324,741</b>	<b>208,910,405</b>

*(The notes on pages 9 to 58 form an integral part of the Annual Financial Statements.)*

The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

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

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

  
**Medical Superintendent**

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>At July 1, 2024 (previous year)</b>		<b>-5,319,976</b>		<b>197,192,20</b>
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
<b>At June 30, 2024 (previous year)</b>	<b>-</b>	<b>-5,319,976</b>	<b>-</b>	<b>197,192,20</b>
<b>At July 1, 2024 (current year)</b>				<b>197,192,20</b>
Revaluation gain	58,101,359			58,101,359
Surplus/(deficit) for the year		<b>(6,968,819)</b>		<b>(6,968,819)</b>
Capital/Development grants				
<b>At June 30, 2025 (current year)</b>	<b>58,101,359</b>	<b>(6,968,819)</b>		<b>248,324,74</b>

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

Description	Note	FY 2024-2025	FY2023-20
		Kshs	Ks
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		3,918,922	1,213,6
Grants from donors and development partners		-	
Transfers from other Government entities		26,018,011	6,969,9
Public contributions and donations		-	
Rendering of services- Medical Service Income		15,167,016	7,293,7
Revenue from rent of facilities		-	
Finance / interest income		-	
Miscellaneous receipts( <i>specify</i> )		-	
<b>Total Receipts</b>		<b>45,103,949</b>	<b>15,477,4</b>
<b>Payments</b>			
Medical/Clinical costs		19,418,079	9,897,0
Employee costs		3,742,590	5,043,8
Board of Management Expenses		155,000	
Repairs and maintenance		2,510,376	545,6
General expenses		12,618,490	5,310,9
Finance costs		-	
Refunds paid out		-	
<b>Total Payments</b>		<b>38,444,535</b>	<b>20,797,4</b>
<b>Net cash flows from operating activities</b>	43	<b>21,484,392</b>	<b>(5,319,97</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		553,850	101,0
Purchase of intangible assets		-	
Proceeds from the sale of PPE			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>		<b>(553,850)</b>	<b>(101,00</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	
Repayment of borrowings		-	
Capital grants received		-	
<b>Net cash flows used in financing activities</b>		<b>-</b>	

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<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,105,564</b>	<b>(5,307)</b>
Cash and cash equivalents as at 1 July 2024	27	7,358,276	12,779,2
<b>Cash and cash equivalents as at 30 June 25</b>	<b>27</b>	<b>13,463,840</b>	<b>7,358,2</b>

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Budget carryovers from the previous year	7,358,276		7,358,276	7,358,276		100
<b>Receipts</b>						
Transfers from the County Government	4,000,000	1,000,000	5,000,000	3,918,922	1,081,078	78.38
Grants from donors and development partners						
Transfers from other Government entities	13,000,000		13,000,000	26,018,011	(13,018,011)	200.14
Public contributions and donations						
Rendering of services- Medical Service Income	22,000,000		22,000,000	15,167,016	6,832,984	68.94
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts ( <i>specify</i> )						
<b>Total receipts</b>	<b>46,358,276</b>	<b>1,000,000</b>	<b>47,358,276</b>	<b>52,462,225</b>	<b>(5,103,949)</b>	110.78
<b>Payments</b>						
Medical/Clinical costs	15,584,734		15,584,734	19,418,079	(3,833,345)	124.60
Employee costs	3,764,868		3,764,868	3,742,590	22,278	99.41
Board of Management Expenses				155,000	(155,000)	
Property, Plant & Equipment	1,677,052		1,677,052		1,677,052	
Furniture, fittings, and office equipment	218,860		218,860	553,850	(334,990)	253.06
ICT Equipment	186,000		186,000		186,000	0.00
Repairs and maintenance	3,286,318		3,286,318	2,510,376	775,942	76.39

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General expenses	17,291,405		17,291,405	12,618,490	4,672,916	72.98
Refunds						
<b>Total Operational Expenditure paid</b>	<b>42,009,237</b>		<b>42,009,237</b>	<b>38,998,385</b>	<b>3,010,853</b>	92.83
<b>Capital Expenditure paid</b>						
<b>Surplus</b>	<b>4,349,039</b>	<b>1,000,000</b>	<b>5,349,039</b>	<b>13,463,840</b>	<b>(8,114,801)</b>	251.70578

**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

:

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	13,463,840
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	13,463,840

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

### **1. General Information**

Mrima Maternity Hospital entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. The entity's principal activity is preventive, curative and rehabilitative service provision.

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

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

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<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	<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,</p>

Standard	Effective date and impact:
Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

*iii) Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

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

##### **Transfers from other Government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/25 was approved by Board on .xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of .xxxx on the FY 2024/25 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

taxation authority is included as part of receivables or payables in the statement of financial position.

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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

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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants ( <i>specify</i> )		1,213,690
<b>Conditional grants</b>		
User fee forgone		
Transforming health services for Universal care project (THUCP)	7,946,248	
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
<b>Total government grants and subsidies</b>	<b>7,946,248</b>	<b>1,213,690</b>

**6 b Transfers from The County Government**

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

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

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

**Notes to Financial Statements Continued**

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	148,239,440	123,085,916
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
<b>Total grants in kind</b>	<b>148,239,440</b>	<b>123,085,916</b>

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

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

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

*(Provide brief explanation for this revenue)*

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

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

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Youth)	149,235	
Transfer from National Hospital Insurance Fund	14,075,074	6,969,997
Transfer from Social Health Authority	22,182,736	
<b>Total Transfers</b>	<b>36,407,045</b>	<b>6,969,997</b>

**10. Public Contributions and Donations**

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

*(Provide brief explanation for this revenue)*

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

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

**Notes to Financial Statements Continued**

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	2,332,120	2,398,062
Non-Pharmaceuticals	84,790	1,714,935
Laboratory	3,218,025	1,422,445
Radiology	2,399,600	
Orthopedic and Trauma Technology	-	
Theatre	-	
Accident and Emergency Service	-	
Anesthesia Service	-	
Ear Nose and Throat service	-	
Nutrition service	-	
Cancer centre service	-	
Dental services	56,230	80,480
Reproductive health	103,600	193,700
Paediatrics services	11,550	1,213,690
Farewell home services	-	
Ambulance services	277,500	188,968
Other medical services income ( <i>specify</i> )	6,683,601	81,500
Transfer from county in kind for salaries	-	
Under five reimbursement		
<b>Total revenue from the rendering of services</b>	<b>15,167,016</b>	<b>7,293,780</b>

*(Other medical services fee relates to other charges not listed above and should be specified)*

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

**12. Revenue From Rent of Facilities**

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

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

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

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

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

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

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

**15. Medical/ Clinical Costs**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	3,198,537	
Laboratory chemicals and reagents		1,422,445
Public health activities	3,017,958	
Food and Ration	505,200	1715115
Uniform, clothing, and linen	4,169,733	317,260
Dressing and Non-Pharmaceuticals	3,835,522	1,565,775
Pharmaceutical supplies	1,057,227	2,549,222
Health information stationery		363,000
Reproductive health materials	2,492,709	
Sanitary and cleansing Materials	246,244	1460040
Purchase of Medical gases		98,197
X-Ray/Radiology supplies	1,019,899	
Other medical related clinical costs (specify)		406000
<b>Total medical/ clinical costs</b>	<b>19,543,029</b>	<b>9,897,054</b>

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

**16. Employee Costs**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	151,448,462	128,129,747
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 (specify)		
<b>Employee costs</b>	<b>151,448,462</b>	<b>128,129,747</b>

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

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

**17. Board of Management Expenses**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	-	-
Sitting allowance	-	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	155,000	
<b>Total</b>	<b>155,000</b>	<b>-</b>

**18. Depreciation and Amortization Expense**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	28,453,211	
Intangible assets	-	
Investment property carried at cost	-	
<b>Total depreciation and amortization</b>	<b>28,453,211</b>	

**19. Repairs And Maintenance**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, Plant ,Machinery & Equipment	833,400	545,630
Medical equipment	1,606,976	
Maintenance of buildings & station		
Maintenance of medical& dental		
Computers and software		
Motor vehicle expenses	70,000	
Maintenance of electrical works		
Maintenance of Hospital MIS	-	
<b>Total repairs and maintenance</b>	<b>2,510,376</b>	<b>545,630</b>

**20. Grants And Subsidies**

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

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

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

**21. General Expenses**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	400,000	
Catering expenses	50,000	
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	29,423	28,400
Conferences and delegations	25,000	
Consultancy		
Contracted services	3,900,329	1,377,258
Electricity expenses	5,731,497	1,619,082
Fuel and Lubricants	998,172	900,128
Insurance		
Research and development expenses		
Travel and accommodation allowance	50,900	70,000
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	714,605	583,890
Hire charges		
Rent expenses		
Water and sewerage costs	148,410	189,668
Skills development levies		
Telephone and mobile phone services		156,500
Internet expenses	570,154	386,000
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical,		

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magazines, and gazette notices		
Library books/Materials		
Parking charges		
Patient Refunds and Reversals		-
<b>Total General Expenses</b>	<b>12,618,490</b>	<b>5,310,926</b>

**22. Finance Costs**

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

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

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

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

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

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

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

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA		
Non- Comprehensive contracts care with NHIF/SHA		
Linda Mama Program		
Waivers and Exemptions		
<b>Total Gain/Loss</b>		

**26. Impairment Loss**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Investments		
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

**27. Cash And Cash Equivalents**

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Current accounts	13,463,840	7,358,276
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(specify)- Mobile money		
<b>Total cash and cash equivalents</b>	<b>13,463,840</b>	<b>7,358,276</b>

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

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

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

Description		FY2024/2025	FY2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Co-operative bank-Likoni Branch	01141627219000	13,463,840	7,358,276
<b>Sub- total</b>		<b>13,463,840</b>	<b>7,358,276</b>
b) On - call deposits			
<b>Sub- total</b>			
c) Fixed deposits account			
Bank Name			
<b>Sub- total</b>			
d) Others( <i>specify</i> )			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>		<b>13,463,840</b>	<b>7,358,276</b>

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

**28. Prepayments**

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance		
Rent		
Water		
Internet		
Others specify		
<b>Total</b>		

**29. Receivables From Exchange Transactions**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	14,416,360	2,291,575
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>14,416,360</b>	<b>2,291,575</b>

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

**Analysis of Receivables From Exchange Transactions**

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	14,416,360	%	2,291,575	100
Between 1- 2 years		%		
Between 2-3 years		%		
Over 3 years		%		
<b>Total (a+b)</b>	<b>14,416,360</b>	<b>0</b>	<b>2,291,575</b>	<b>100</b>

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Other debtors ( <i>non-exchange transactions</i> )		
Less: impairment allowance		
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

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

**31. Inventories**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Dental materials	34,450	
Laboratory chemicals and reagents	846,158	
Dressing and Non-Pharmaceuticals	659,281	
Pharmaceutical supplies-Drugs	1,156,246	
Food supplies		108,425
Radiology Supplies		
Laboratory reagents		
Renal Commodities		
Computer accessories		
General supplies(medical related)		-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>2,696,135</b>	<b>108,425</b>

**Detailed disclosure on inventories**

	FY 2024-2025	FY 2023-2024
Opening balance		
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance		

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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	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2024 (previous year)	71,200,000	140,015,000		3,341,000	7,272,700	39,039,195		260,867,895
Additions				146,500	94,000	313,350		553,850
Disposals								
Transfer/adjustments								
<b>At 30<sup>th</sup> June 2025</b>	<b>71,200,000</b>	<b>140,015,000</b>		<b>3,487,500</b>	<b>7,366,700</b>	<b>39,352,545</b>		<b>261,421,745</b>
<b>Depreciation and impairment</b>								
At 1 July 2024 (previous year)								
Depreciation for the year		14,001,500		435,938	2,210,010	11,805,764		28,453,211
Disposals								
Impairment								
<b>At 30 June 2025</b>		<b>14,001,500</b>		<b>435,938</b>	<b>2,210,010</b>	<b>11,805,764</b>		<b>28,453,211</b>
<b>At 30<sup>th</sup> June 2025</b>								
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2024	71,200,000	140,015,000		3,341,000	7,272,700	39,039,195		260,867,895
At 30 <sup>th</sup> Jun 2025	71,200,000	126,013,500		3,051,563	5,156,690	27,546,782		232,968,534

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

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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

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

**35. Biological Assets**

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

**36. Trade and other Payables**

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	15,220,128		2,400,000	
<b>Total trade and other payables</b>	<b>15,220,128</b>		<b>2,400,000</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	15,220,128		2,400,000	100
1-2 years			-	-
2-3 years			-	-
Over 3 years			-	-
<b>Total</b>	<b>15,220,128</b>		<b>2,400,000</b>	<b>100</b>

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

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

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others ( <i>specify</i> )				
<b>Total deposits</b>				
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year				
1-2 years				
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>				

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

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**39. Finance Lease Obligation**

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

**40. Deferred Income**

<b>Description</b>	<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
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
<b>Balance b/f</b>				
Additions during the year				
Transfers to Capital fund				
Transfers to statement of financial performance				
Other transfers ( <i>Specify</i> )				
<b>Balance C/F</b>				

**41. Borrowings**

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

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

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

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

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

**42. Service Concession Arrangements**

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

**43. Cash Generated from Operations**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	(6,968,819)	6,463,259
<b>Adjusted for:</b>		
Depreciation	28,453,211	101,000
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	2,587,710	(108,425)
Increase in receivables	12,124,785	(14,269,950)
Increase in deferred income		
Increase in payables	12,820,128	2,494,141
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>49,017,015</b>	<b>(5,319,975)</b>

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

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>				
<b>At 30 June 2025</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</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 20xx</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 20xx</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 the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

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

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

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx		
Sales of services to xxx		
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from County Government		
Grants from the National Government Entities		
Donations in kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
<b>Total</b>		

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<b>d) Key management compensation</b>		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
<b>Total</b>		

**46. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**47. Contingent Liabilities**

<b>Contingent liabilities</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case xxx against the hospital		
Bank guarantees in favour of subsidiary		
<b>Total</b>		

*(Give details)*

**48. Capital Commitments**

<b>Capital Commitments</b>	<b>FY2024/2025</b>	<b>FY2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For		
Authorised And Contracted For		
<b>Total</b>		

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

**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 Mombasa.

**51. Currency**

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

**20. Appendices**

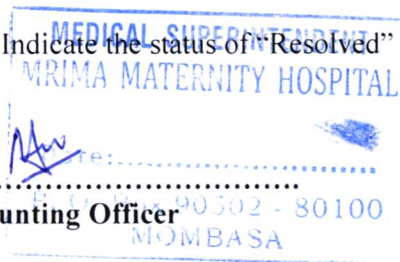
**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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.

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

**Guidance Notes:**

- (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.



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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

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

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

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

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

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

**Appendix V: Disaster Expenditure Reporting Template**

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