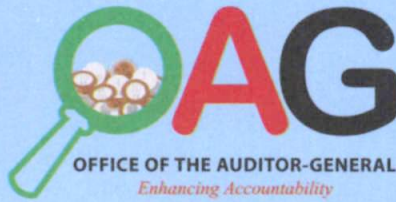


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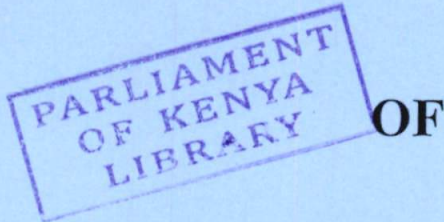


OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT



OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	17/02/2026
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COMMITTEE	_____
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TUDOR SUB COUNTY LEVEL 4
HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

MOMBASA COUNTY GOVERNMENT

225





**TUDOR SUB COUNTY HOSPITAL
Level 4 HOSPITAL
(County Government of Mombasa)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025**

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HIV	Human Immunodeficiency Virus
HMT	Hospital Management Team
HRMAC	Human Resource Advisory Committee
KEPH	Kenya Essential Package for Health
EEC	Executive Expenditure Committee
IPC	Infection Prevention and Control
MOPC	Medical Outpatient Clinic
GOPC	Gynaecology Outpatient Clinic
POPC	Paediatric Out-Patient Clinic
CCC	Comprehensive care Clinic
EEC	Executive Expenditure Committee
MTC	Medicine and Therapeutic Committee
TB	Tuberculosis
MTC	Medicine and Therapeutic committee
HRC	High Risk Clinic
ANC	Antenatal Clinic



Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

CWC	Child Welfare Clinic
PMTCT	Prevention of Mother to Child Clinic
FP	Family Planning
HTS	HIV Testing Services
Hospital	Tudor Sub County Hospital

2. Key Entity Information and Management

(a) Background information

Tudor Sub County Hospital is a level 4 hospital established under gazette notice number 786 and MFL code 11861. The facility is domiciled in Mombasa County under the Health Services Department. The facility primarily provides maternity services for both out-patient and inpatient with a catchment population of approximately 100,000. The facility is the only public level 4 facility in Mvita and serves part of Nyali and Kisauni Sub-counties. The facility caters for a primary catchment population of over 100,000 people and a secondary.

The facility was built in 1971 as a health centre under the Ministry of Health and sits on 1.26 acres. The facility was later upgraded to a KEPH level 4 hospital in 2010. Over the years the hospital has seen a lot of development, in range of services

The hospital also offers various medical services, including:

- Antenatal care/Family planning
 - PMTCT
 - CWC
 - CCC
 - Eye Clinic
 - GBV and Psychology
 - OPD

- Tuberculosis diagnosis and treatment
- Immunization
- HIV counselling and testing
- Integrated management of childhood illnesses
- Curative inpatient and outpatient services
- Youth friendly services
- Specialized out-patient services Paediatrics, Gynaecology and internal medicine
- Dental Services
- Rehabilitation Services (Physiotherapy and Occupational therapy)

The following are the key strategic goals of the hospital:

1. Eliminate communicable conditions
2. Halt, and reverse the rising burden of non- communicable conditions
3. Reduce the burden of violence and injuries
4. Provide essential health care
5. Minimize exposure to health risk factors
6. Strengthen collaboration with health-related sectors

(b) Principal Activities

Mission

Provide high-quality, responsive, and comprehensive healthcare services to all citizens.

Vision.

A leading hospital with healthy and productive community.

Core Values.

The core values of the hospital include Professionalism, Integrity, Accountability, stakeholders' engagement, Teamwork, Customer centrisim, Innovation, Embracing human dignity and good governance.

(c) Key Management

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

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

(d) Fiduciary Management

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

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

No.	Designation	Name
1.	Medical Superintendent	Dr. Ahmed Karama
2.	Head of Finance	Emmanuel Kombe
3.	Head of Supply Chain	Maua Shaban
4.	Hospital Administrative Officer/Support services	Hudaa Ali Said
5.	Hospital Accountant	Ilham Hashid
6.	Human Resource Officer	Masika Omar Chaki
7.	Head Health Records & Information	Paul Mwangi Wamaru
8.	Head of Pharmacy	Dr Azhar AbdulGhafur
9.	Head of Clinical Officers	Muhammed Mansour
10.	Head of Laboratory	Rukia Ahmed
11.	Head of Physiotherapy	Rayson Galugalu
12.	Head of Occupational Therapy	Julia Njoki
13.	Head of Dental Services	Dr. Karima Noorani
14.	Head of Maintenance	George Ndebu
15.	Head of Nutrition	Sudi Ali Magojo
16.	Nursing Officer In charge	Mwanaima Musa

(e) Fiduciary Oversight Arrangements

Hospital Management Team. (HMT)

1. Preparing expenditure plans based on revenue estimates considering priorities
2. Receiving monthly reports on collections, waivers, exemptions and use of funds and actions taken where weaknesses have been identified
3. Monitoring collections, waivers, exemptions, expenditures and use of funds
4. Advice on areas to apply waivers, prudent spending, and effective resource mobilization

Executive Expenditure committee. (EEC)

1. Preparing estimates of annual cost sharing revenues
2. Submitting proposed plans to the Medical Superintendent for transmission to the Hospital Health facility management committees identified.
3. Implementing the approved expenditure plans

Kitchen Committee

1. Develop and approve nutritious and balanced meal plans.
2. Ensure adherence to food safety regulations and hygiene standards.
3. Oversee the quality of food served, including taste, presentation and temperature.
4. Assist in preparing and managing kitchen budget.
5. Hold regular meetings to discuss kitchen operations and address issues.

Infection and Prevention committee. (IPC)

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

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

Hemovigilance Transfusion Committee.

The Hospital Hemovigilance Committee plays a crucial role in ensuring the safe and effective use of blood and blood components within the hospital. Some key roles and responsibilities of such a committee:

1. Promote Safe Transfusion Practices: The committee ensures that blood and blood components are used appropriately and safely, aligning with national guidelines and standards
2. It educates clinicians on the appropriate use of blood components to bridge gaps in medical education related to transfusion medicine¹³.
3. Audit and Review Blood Use
4. It monitors and investigates adverse reactions related to blood transfusions, implementing measures to prevent future incidents.

Quality Improvement Committee.

1. The committee focuses on enhancing patient care by identifying areas for improvement and implementing changes to reduce errors, improve patient satisfaction, and optimize resource use.
2. The QIT helps in streamlining processes and reducing waste, this helps the hospital operate more efficiently.

Medicine and Therapeutic committee.

1. The Medicine and Therapeutic committee focus on formation of hospital's drug formulary, clinical guidelines development, medication safety, and cost of the drugs.
2. This committee ensures patient receive safe and effective medication tailored to their needs.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 97424-80100
Swaleh Nguru Road
Mombasa, KENYA

(g) Entity Contacts

Telephone: (+254) 710338487
E-mail: medsuptudor@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
1265116474
Kilindini Branch
Mombasa

National Bank
01001036119800
TUM Branch
Mombasa

(i) Independent Auditors

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

(j) Principal Legal Adviser

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




(k) County Attorney

P.O. Box. 81599-80100
Bima Towers, 6th Floor, Digo Road
Mombasa, Kenya



3. The Board of Management

The hospital does not have a board of management. The hospital proposed names for the board of management, but we are waiting for the county to approve them.

4. Key Management Team

	Management	Details
1.	<p>Dr Ahmed Karama Medical Superintendent Bachelor of Pharmacy</p> 	<p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Oversight of FIF implementation at the facility 2. Holding meetings to review FIF performance and agree on appropriate actions to solve the problems. 3. Supervision of expenditure and revenue collections in every department.
2.	<p>Mwanaima Musa Nursing Officer Kenya registered community health nurse (Diploma)</p> 	<p>Responsibilities</p> <ol style="list-style-type: none"> 1. Oversight on the nursing staff to ensure collections of all inpatient (NHIF, Cash and waivers) 2. Oversight on Nursing staff in out-patient to ensure charging of appropriate schemes for out-patient services. 3. Submitting the Nursing department needs during the FIF sharing
3.	<p>Hudaa Ali Health Administrative Officer (HAO) Bachelor of Business Management (Finance) CPA</p> 	<p>Responsibilities</p> <ol style="list-style-type: none"> 1. Ensuring preparation of monthly collection reports, 2. Monitoring performance against targets for each department 3. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoiced. 4. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoices/claims submitted as per terms and conditions of each scheme.

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

<p>4.</p>	<p>Ilham Hashid Hospital Accountant CPA</p> 	<p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Receiving collection reports and cash analysis book, 2. Recording of all expenditure in the appropriate Financial Information Systems 3. Preparation and submitting of summary FIF reports, 4. Maintaining cash analysis book <p>Preparation of the FIF credit report</p>
<p>5.</p>	<p>Maua Shaban Bachelor of Supply Chain Management</p> 	<p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Oversee procurement, storage, and distribution of medical supplies and equipment to ensure timely delivery and cost-effectiveness. 2. Monitor inventory levels to prevent shortages or overstocking, ensuring that supplies meet patient care needs. 3. Ensure compliance with healthcare regulations and standards, and mitigate risks such as supply disruptions

5. Chairman's Statement

The hospital does not have a board of management. The hospital proposed names for the board of management, but we are waiting for the county to approve them.

6. Report of The Medical Superintendent

Tudor Subcounty Hospital is a level four hospital located in Mvita Sub- County. The hospital serves a diverse population, encompassing various ethnicities, religions, and socioeconomic statuses. It acts as a hub for levels 2 and 3 health facilities in Mvita Subcounty, providing essential services to the community.

The hospitals revenue is derived from Facility improvement Fund (FIF) and donors.

1. Leadership and Governance

Management Team: The hospital has a management team comprising 15 members, including administrators and heads of departments, ensuring effective governance and oversight.

2. Service Delivery

Curative Services:

- Outpatient Services: Comprehensive outpatient care is available.
- Inpatient Services: Limited to maternity with a bed capacity of 20.
- Theatre Facilities: Equipped for surgical procedures.
- Special Clinic: Eye Clinic, TB clinic, MOPC, GOPC, POPC, Comprehensive Care Clinic (CCC)
- Preventive Services:

Reproductive maternal neonatal child health (RMNCH) services

Immunization services

Nutrition services

Disease surveillance and control

HIV control interventions

TB Control interventions

Malaria control interventions

Neglected tropical diseases control

Non-communicable disease control

Environmental health, water and sanitation interventions

Rehabilitative Services:

- Physiotherapy
- Occupational Therapy

3. Health Workforce

- The hospital employs both clinical and non-clinical staff, ensuring a well-rounded workforce to meet patient needs.

4. Revenues

Sources of Revenue:

- Facility Improvement Fund
- Social Insurance Fund

5. Health Information System

- All the facility data is recorded in the registers and summary tools and uploaded into the KHIS every month
- The facility is in the process of deploying a digital health platform (the Taifa Care System).
- In the CCC and TB clinics, the hospital is utilizing the Kenya Electronic Medical Records (EMR) system.

6. Health Products and Technology (HPT)

- All essential drugs, laboratory reagents, and equipment are available, ensuring that the hospital can provide necessary medical care.

The challenges experienced during this period were

1. Lack of fully equipped modern casualty department.
2. Lack of 24 hours services
3. Inadequate funding and donors' support
4. Lack of Hospital board
5. Lack of regular meeting with CU's
6. Lack of inpatient wards.



.....
Dr. Ahmed Omar Karama
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

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

- 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

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Eliminate Communicable conditions	To reduce communicable diseases	1.HIV+ pregnant mothers receiving preventive ARV’s to reduce risk of mother to child transmission (PMTCT) 2. Number of children under the age of five treated for diarrhoea	ANC screening & treatment of HIV positive Defaulter tracing	38 pregnant mothers initiated on ARV

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

		Number of eligible HIV clients on ARVs		708 Children under one year of age fully immunized
		Children under one year of age fully immunized		
		Number of pregnant women receiving TT2 plus immunization		359
		Number of pregnant women receiving IPT2		815
		Children under one year of age distributed with long lasting insecticide treated nets (LLITNs) in endemic and epidemic districts		869
		Number of pregnant women distributed with LLITNs in endemic and epidemic districts		1381
Halt and reverse the burden of non-	To reduce the incidence of Non	1.Number of adult OPD clients with	Screening for NCDs	

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

communicable conditions	communicable diseases	BMI of more than 25 2. Number of women of reproductive age (WRA) screened for cervical cancer 3. Number of new outpatients found with high blood pressure	Early detection and treatment of NCDs	326
Reduce the burden of violence and injuries		Number of new outpatient cases attributed to road traffic accidents		
Provide essential health care		No. of pregnant women attending at least four ANC visits Number of WRA receiving family planning commodity Number of deliveries conducted by skilled attendants in health facilities		970 1492 1368

*Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

		Number of pregnant women getting iron supplements		3405
		Number of children under five dying in health facility		0
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		1000
		Number of children under five years of age attending child welfare clinics who are stunted		521

8. Corporate Governance Statement

The hospital does not have a board of management.

9. Management Discussion and Analysis

Clinical/operational performance

- Bed capacity of the hospital. 20
- Overall patient attendance during the year for both inpatient and outpatient. 61,738
- Accident and Emergency attendance 0
- Specialised clinic attendance 12,746
- Average length of stay for in patient. 1
- Bed occupancy rate 44%
- Mortality rate 0.5%
- Surgical theatre utilisation (number of operations over a period) 14%
- Sponsorships and partnerships

Financial performance that includes: -

- **Revenue sources**

Tudor Subcounty hospital generates revenue through the following means:

1. Government funding: allocations from the national and county governments for operational and development costs.
2. User fees and services charges: payments from patients for outpatient consultations, laboratory tests, imaging services and specialized treatments.
3. Social health insurance fund reimbursements: funds received from SHIF For insured patients under the universal health coverage (UHC) program.
4. Donor and development partner support: Grants and funding from international organisations, NGOs and private sector partnerships.
5. Public-private partnerships: collaborations with private entities to enhance healthcare service delivery and infrastructure.

- **Utilisation of funds**

Every quarter the members of the facility HMT submits a list of their requirement. A breakdown of facility's collection against the previous quarter, utilisation is shared at the HMT, this is discussed against their set departmental targets. These requests are then escalated to the EEC who have the role to plan and budget accordingly. This is then forwarded through the Director Clinical Services to the Chief Officer Clinical Services for approval, who then gives the Authority to Incur Expenditure. This is then forwarded back to the facility for implementation.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Tudor Sub-County Hospital operates as a primary care facility, offering a range of essential services including tuberculosis treatment, HIV care, family planning, and basic obstetric care. The hospital's main mandate is to provide accessible and quality healthcare to the local community, ensuring that these services are maintained over the long term. To achieve sustainability, Tudor Hospital has adopted strategies that align with international best practices, such as building capacity, fostering supportive management structures, and adapting to broader political and macroeconomic trends. The medical superintendent and the hospital management team play a crucial role in prioritizing sustainability efforts, recognizing both key achievements and areas for improvement. By integrating these strategies, the hospital can ensure continued service delivery despite challenges, ultimately contributing to the overall health and well-being of the community.

The Hospital has focused on the following key areas in healthcare sustainability,

Environmental Sustainability:

Energy Efficiency: Implementing energy-efficient technologies to reduce power consumption. Installation of solar energy lighting system.

Waste Management: Reducing, recycling, and properly disposing of medical waste. The hospital has sent proposals through the world bank supported project for a waste disposal unit.

2. Social Sustainability:

Community Engagement: Engaging with local communities to promote health and well-being. Strong ties with the local community are essential for sustainable healthcare delivery. We engage with stakeholders to understand their healthcare needs and preferences, fostering a culture of inclusivity and trust.

3. Economic Sustainability:

Resource Optimization: Ensuring efficient use of resources to maintain long-term financial stability.

Health Workforce Well-Being: Our employees are at the heart of our hospital's success. We prioritize the physical and mental well-being of our staff, offering professional development

Sustainable Supply Chain Practices: Adopting procurement processes that prioritize sustainability.

4. Innovative Practices:

Digital Health: Implementing digital solutions to reduce travel and enhance patient care. Through partner support the facility has deployed the Kenya EMR digital platform

ii) Environmental performance

Safety of the environment at Tudor Hospital is guided by standard operating procedures derived from national, County and policies. They constitute a wide range of interventions designed to create and maintain an environment conducive to human health; reduce people's exposure to diseases by providing a clean environment in which to live; and measures to break the cycle of diseases

There are designated waste holding and disposal areas. Disposal of Infectious waste is currently outsourced. Non-infectious waste is temporarily kept in the waste holding area and disposed of in collaboration with the department of environment in the county.

iii) Employee welfare

Hiring of employees at Tudor Sub County 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).

Tudor 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.

iv) Market place practices-

The hospital has various activities and strategies used to manage procurement, financial transactions, and vendor relationships within the hospital's supply chain. While public hospitals operate with a focus on providing healthcare services to the community, there is still needed to engage in market-driven practices to efficiently manage its resources and ensure the availability of necessary supplies and services. Some of the common marketplace practices that the institution adheres to include: -

- a. Implementing efficient procurement processes to source medical equipment, pharmaceuticals, and other supplies required for patient care. This involves identifying reliable suppliers, negotiating contracts, and ensuring compliance with procurement regulations.
- b. Vendor Selection: The hospital engages in a competitive bidding process to select vendors that offer the best value for money and meet the hospital's quality standards. Transparency and fairness in vendor selection are adhered to since they are essential in public procurement.
- c. Inventory Management: Inventory management control systems are in place to monitor stock levels, reduce wastage, and ensure the availability of essential medical supplies.
- d. Financial Management: Sound financial management is practised across board, with multidisciplinary effort from HMT, EEC to monitor allocation of resources efficiently, track expenses, and manage the hospital's budget effectively, in accordance with public finance management guidelines.
- e. Compliance and Ethical Practices: The hospital is keen on adhering to legal and ethical standards in all procurement activities, avoiding conflicts of interest, and promoting transparency in financial transactions.
- f. Market Research: The institution conducts market research to stay updated on the latest medical technologies, trends, and pricing to make informed procurement decisions

11. Report of The Board of Management

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

Principal activities

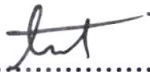
The principal activities of the hospital are provision of health care.

Results

The results of the entity for the year ended June 30, 2025, are set out on pages 1 to 65

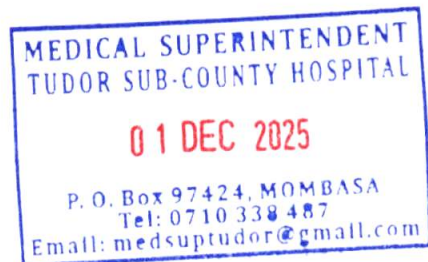
Auditors

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



.....
Name

Secretary to the Board



12. Statement of Board of Management's Responsibilities

The hospital does not have a board of management.

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TUDOR SUB COUNTY LEVEL 4 HOSPITAL - COUNTY GOVERNMENT OF MOMBASA FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tudor Sub County Level 4 Hospital set out on pages 1 to 58, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting

Report of the Auditor-General on Tudor Sub County Level 4 Hospital - County Government of Mombasa for the year ended 30 June, 2025

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 Tudor Sub County Hospital at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Revenue from Rendering of Services – Medical Service Income

The statement of financial performance and Note 11 to the financial statements reflects rendering of services - medical services of Kshs.44,230,466. The revenue includes Kshs.7,083,282 in respect of under-five reimbursement which was not supported by signed confirmation of amounts received by the Hospital.

In the circumstances, the accuracy and completeness of revenue from rendering of services – medical service income of Kshs.44,230,466 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and Note 28 to the financial statements reflects receivables from exchange transactions balance of Kshs.10,411,741. Included in the balance is NHIF claims totalling to Kshs.3,421,800, out of which Kshs.1,911,800 had remained outstanding for over six (6) years. The facility has not provided evidence of action taken by Management to recover the long outstanding receivables.

In the circumstances, the valuation and recoverability of receivables from exchange transactions of Kshs.10,411,741 could not be confirmed.

3. Unsupported Employee Costs

The statement of financial performance and Note 16 to the financial statements reflects employee costs of Kshs.143,499,312. Included in the amount is Kshs.139,671,140 in respect of in-kind contribution from the Mombasa County Government being services from ninety-nine (99) medical and non-medical staff employed and paid for by the County Government. However, the expenditure was not supported by payroll and detailed schedules showing the breakdown of basic salary and allowances incurred. In addition, the employee costs excluded Kshs.244,903 that relates to employer contributions towards statutory deductions for casual employees.

In the circumstances, the accuracy and completeness of employee costs of Kshs.143,499,312 could not be confirmed.

4. Inaccurate Inventory Balance

The statement of financial position reflects inventory balance of Kshs.3,702,973 as disclosed in Note 30 to the financial statements. However, stock take records provided

revealed inventory values of Kshs.2,127,870 resulting in an unexplained variance of Kshs.1,575,103.

In the circumstances, the accuracy, completeness, and valuation of the inventory balance of Kshs.3,702,973 could not be confirmed.

5. Inaccurate Opening Balances

Review of the financial statements opening balances for the financial statements against prior year audited amounts revealed several inconsistencies as tabulated below:

Item	Balance as per financial statement (Kshs)	Prior year audited financial statement (Kshs)	Variance (Kshs)
Revenue			
Transfers from the County Government	0	1,455,326	-1,455,326
Transfers from other Government entities	0	14,323,492	-14,323,492
Rendering of services – medical service income	27,158,059	11,231,215	15,926,844
Expenses			
General expenses	6,452,513	6,963,037	-510,524
Statement of financial position			
Revaluation reserve	276,050,558	278,919,827	-2,869,269
Accumulated surplus/deficit	-10,119,534	12,988,805	-23,108,339
Statement of Cash Flows			
Transfers from other Government entities	14,889,688	14,323,492	566,196

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tudor Sub County 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the 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 of Hospital in 2024/2025 revealed that twenty-one (21) matters remained unresolved as detailed at the attached **Appendix**.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Meet Minimum Requirement of Level 4 Hospitals

Review of Hospital records and interviews for verification of services offered, equipment used and medical specialists in the Hospital revealed that the hospital which was gazetted as a level four facility on 4 February, 2020 did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficiencies by 60 staff requirements or 59.4 % of the authorized establishments.

Report of the Auditor-General on Tudor Sub County Level 4 Hospital - County Government of Mombasa for the year ended 30 June, 2025

Staff Requirements	Level 4 standard	No. in Hospital	Variance	% Variance
Medical Officers	16	5	10	62.5
Anesthesiologists	2	0	2	100
Gynecologists	2	1	1	50
Pediatrics	2	1	1	50
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	34	17	200
Total	101	41	60	59.4

In addition, the Hospital did not provide services described in the first schedule of the Health Act, 2017 which include male circumcision, prostate examination for men, management of surgical emergencies including trauma care as the hospital had one theatre that was only used for inpatient services, advanced life support, outpatient services of outpatient turnover of more than two hundred and fifty, emergency, general and specialized operations and palliative care as

Further, the facility did not offer clinical supportive supervision to lower-level facilities as it was explained that the lower-level facilities fell under the department of public health services while the facility was under the department of clinical services. Surgery on in-patient basis was limited to gynae obstetrics. Additionally, proper case management of referral cases through the provision of four main clinical specialties including internal medicine, general surgery, gynae obstetrics and pediatrics backed by appropriate technical devices was also not available as the hospital did not have a resident surgeon.

In the circumstances, the adequacy of services delivered could not confirmed.

2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs amounting to Kshs.143,499,312 as disclosed in Note 16 to the financial statements. The amount includes payments amounting to Kshs.3,828,172 made to fifteen (15) casual workers at the facility. Review of documents provided for audit revealed that Management engaged the casual workers in the first two quarters of the year (July - December 2024) for more than three months by continuously renewing their three-month contracts at expiry, an indication that they were not engaged in short-term and urgent tasks. Further, review revealed that the hospital engaged the casual employees and paid them wages from January - June 2025 without any formal contract agreement to stipulate the terms of engagement which was contrary to circular from the Mombasa County Public Service Board issued on 5 December, 2024 revoking any delegated authority to engage casual workers.

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

3. Irregular Procurement of Medical Items

The statement of financial performance reflects medical/clinical costs amounting to Kshs.18,760,424 as disclosed in Note 15 to the financial statements. However, review

of sampled payments amounting to Kshs. 4,061,622 revealed that there was no evidence that procurement was supported with appointment letters of ad hoc opening and evaluation committees, minutes of the opening and evaluation committees, professional opinion, and market survey report. This is contrary to Regulation 91. (2) to (4) of the Public Procurement and Asset Disposal Regulations, 2020 which requires the accounting officer or such other person delegated in writing by that accounting officer for the purposes of the procurement process to appoint ad hoc opening and evaluation committees in accordance with section 46 of the Act and Regulation 39 of these Regulations.

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

4. Irregular Procurement of Fuel

The statement of financial performance and Note 21 to the financial statements reflect general expenses totaling Kshs.7,908,301, out of which Kshs.460,000 was incurred on fuel and lubricants. However, there was no evidence that the procurement process was followed in selection, evaluation and award of the contract contrary to section 44(2) of the Public Procurement and Assets Disposal Act, 2015 which states that in the performance of the responsibility under subsection (1), an accounting officer shall ensure the procurement and asset disposal process of the public entity shall comply with this Act.

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

5. Irregular Procurement of Printing and Stationary

The statement of financial performance and Note 21 to the financial statement reflects general expenses amount of Kshs.7,908,301 which includes Kshs.768,757 incurred on printing and stationery. However, payments totaling Kshs 644,556 made to three (3) suppliers were not supported by tender evaluation and award committee minutes and the contract document, contrary to section 44(2) of the Public Procurement and Assets Disposal Act 2015 which states that in the performance of the responsibility under subsection (1), an accounting officer shall ensure the procurement and asset disposal process of the public entity shall comply with this Act.

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

6. Non-compliance with the Prescribed Format for Presentation of Financial Statements

The financial statements presented for audit did not include statement of board of management's responsibilities. The financial statements therefore lacked the board's accounting officer's formal confirmation of its commitment and obligation regarding preparation of financial statements that give a true and fair view of the operations of the Hospital during the period. In addition, the statement of financial performance and the statement of financial position did not indicate the dates of approval of the financial statements.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the

audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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. Staff Under-Establishment

The statement of financial performance reflects employee costs amounting to Kshs.143,499,312 as disclosed in Note 16 to the financial statements. However, review of employee returns as at 30 June 2025 revealed that although the approved staff establishment provides for 226 employees, the facility had only 127 employees, resulting in a shortfall of 99 staff.

In the circumstances, the adequacy of the facility's human resource capacity to effectively deliver its mandate could not be confirmed.

2. Weak Governance and Risk Management Framework

Review of the governance and internal control structures of the Hospital revealed significant weaknesses in internal audit and risk management systems. There was no evidence of an in-post internal auditor or engagement of internal audit services from the County Government as required. In addition, the financial statements submitted for audit had not been authenticated by the Chairman of the Board since the facility did not have a Hospital Management Board during the year under review.

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

4. Inadequate Storage Space for Non-Pharmaceutical and Pharmaceutical Supplies

Physical verification of the pharmaceutical and non-pharmaceutical stores conducted on 17 November, 2025 revealed that the Hospital lacked adequate storage space to maintain the quality of the drugs and non-pharmaceutical items stored. In the laboratory, boxes and polythene bags containing health products were placed on the floor at the entrance due to lack of space. Further, interviews and observation in both the pharmaceutical and non-pharmaceutical stores revealed that expired items and drugs whose values could not be determined, were located in a small storage space contrary to the Pharmacy and Poisons Board (PPB) Guidelines.

In the circumstances, the effectiveness of internal control measures in regards to pharmaceutical management could not be confirmed.

5. Weaknesses in Information Technology Controls

Review of records of the Hospital revealed significant weaknesses in the organization's Information Technology (IT) controls including lack of internal IT department to oversee the management and security of IT systems, lack of a strategic IT steering committee to guide and align IT initiatives with organization's objectives. In addition, there was no offsite or external data backup, which increases vulnerability to data loss in the event of system failure, cyber-attacks, or natural disasters.

Further, the Hospital relied on an ERP system, a revenue collection system without a formal contract or service level agreement to define roles, responsibilities, and service standards.

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

6. Lack of a Hospital Management Board

Review of documents provided for audit and interview with Management revealed that during the year under review, the Hospital did not have a Hospital Management Board to provide oversight on the management of the facility.

In the circumstances, effectiveness of internal controls, risk management and governance 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 Board Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

Report of the Auditor-General on Tudor Sub County Level 4 Hospital - County Government of Mombasa for the year ended 30 June, 2025

Appendix

Unresolved Prior Year Audit Issues

No.	Financial Year	Audit Issue
1.	2023/2024	Inaccurate statement of cash flows
2.	2023/2024	Inaccurate statement of financial position
3.	2023/2024	Inaccurate statement of comparison of budget and actual amount
4.	2023/2024	Unsupported employee costs paid by the County Government
5.	2023/2024	Unsupported cash and cash equivalents
6.	2023/2024	Unconfirmed Inventory Balance
7.	2023/2024	Unsupported property, plant and equipment
8.	2023/2024	Unsupported trade and other payables
9.	2023/2024	Irregular procurement of medical items
10.	2023/2024	Irregular engagement of casual workers
11.	2023/2024	Late submission of financial statements
12.	2023/2024	Lack of a Hospital Management Board
13.	2023/2024	Lack of Information Technology (IT) controls systems
14.	2023/2024	Lack of Approved Hospital staff establishment
15.	2023/2024	Lack of ownership documents of assets
16.	2023/2024	Failure to prepare an annual procurement plan
17.	2023/2024	Unapproved Budget
18.	2023/2024	Failure to meet minimum requirement of Level 4 Hospitals
19.	2023/2024	Inadequate documentation and contractual oversight of the Duromade System
20.	2023/2024	Inadequate storage space for non-pharmaceutical and pharmaceutical supplies
21.	2023/2024	Expired medical supplies

*Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Note	FY 2024-2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	139,671,140	113,598,800
Grants from donors and development partners	8	-	
Transfers from other Government entities	9		
Public contributions and donations	10	-	
		139,671,140	113,598,800
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	44,230,466	27,158,059
Revenue from rent of facilities	12	-	
Finance /Interest Income	13	-	
Miscellaneous Income	14	-	
Revenue from exchange transactions		44,230,466	27,158,059
Total revenue		183,901,606	140,608,233
Expenses			
Medical/Clinical costs	15	18,760,424	12,145,048
Employee costs	16	143,499,312	117,063,212
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	13,474,063	16,315,738
Repairs and maintenance	19	1,610,411	1,042,601
Grants and subsidies	20	-	-
General expenses	21	7,908,301	6,452,513
Finance costs	22	-	
Total expenses		185,252,511	153,019,112
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	
Medical services contracts Gains/Losses	25	-	
Impairment loss	26	-	

Tudor Sub County Hospital (County Government of Mombasa)
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Gain on foreign exchange transactions			
Total other gains/(losses)			-
Net Surplus / (Deficit) for the year		(1,350,906)	(12,410,879)

(The notes set out on pages 10 to 58 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 1/12/2025 and signed on its behalf by:

.....	<u>U. H. M.</u>	<u>[Signature]</u>
Chairman	Head of Finance	Medical Superintendent
Board of Management	ICPAK No:	

MEDICAL SUPERINTENDENT
TUDOR SUB-COUNTY HOSPITAL
01 DEC 2025
P. O. Box 97424, MOMBASA
Tel: 0710 338 487
Email: medsuptudor@gmail.com

*Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

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

Description	Note	FY 2024-2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	12,126,280	7,422,377
Receivables from exchange transactions	28	10,411,741	3,011,800
Receivables from non-exchange transactions	29	-	-
Inventories	30	3,702,973	531,203
Total Current Assets		26,240,993	10,965,380
Non-current assets			
Property, plant, and equipment	32	248,193,096	260,448,263
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		248,193,096	260,448,263
Total assets (A)		274,434,090	271,413,642
Liabilities			
Current liabilities			
Trade and other payables	36	4,469,528	5,482,618
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		4,469,528	5,482,618
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-

Tudor Sub County Hospital (County Government of Mombasa)
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Non-Current portion of deferred income	40	-	
Non - Current portion of borrowings	41	-	
Service concession Arrangements	42	-	
Total non-current liabilities		-	
Total Liabilities (B)		4,469,528	5,482,618
Net assets (A-B)		269,964,562	265,931,024
Represented by:			
Revaluation reserve		281,435,001	276,050,558
Accumulated surplus/Deficit		(11,470,439)	(10,119,534)
Capital Fund			
Net Assets		269,964,562	265,931,024

(The notes set out on pages 10 to 58 form an integral part of the Annual Financial Statements.)

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

.....
Chairman
Board of Management

H. H. H.
.....
Head of Finance
ICPAK No:

H. H.
.....
Medical Superintendent

MEDICAL SUPERINTENDENT
TUDOR SUB-COUNTY HOSPITAL
01 DEC 2025
P. O. Box 97424, MOMBASA
Tel: 0710 338 487
Email: medsup Tudor@gmail.com

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
At July 1, 2024 (previous year)	281,435,001			281,435,001
Revaluation gain				
Surplus/(deficit) for the year		(10,119,534)		(10,119,534)
Capital/Development grants				
At June 30, 2024 (previous year)	281,435,001	(10,119,534)	-	271,315,467
At July 1, 2024 (current year)	281,435,001	(10,119,534)	-	271,315,467
Revaluation gain				
Surplus/(deficit) for the year		(1,350,906)		(1,350,906)
Capital/Development grants				
At June 30, 2025 (current year)	281,435,001	(11,470,439)	-	269,964,562

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		4,693,577	1,455,726
Grants from donors and development partners		-	-
Transfers from other Government entities		11,749,604	14,889,688
Public contributions and donations		-	-
Rendering of services- Medical Service Income		19,495,399	10,664,019
Revenue from rent of facilities		-	
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		35,938,580	27,009,433
Payments			
Medical/Clinical costs		14,169,736	12,145,048
Employee costs		4,016,673	3,464,412
Board of Management Expenses		-	
Repairs and maintenance		1,411,054	1,042,601
General expenses		8,479,270	6,452,513
Finance costs		-	
Refunds paid out		-	
Total Payments		28,076,733	23,104,574
Net cash flows from operating activities	43	7,861,848	3,904,859
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,009,137)	
Purchase of intangible assets		-	
Proceeds from the sale of PPE			-
Acquisition of investments			
Net cash flows used in investing activities		(1,009,137)	-
Cash flows from financing activities			-
Proceeds from borrowings		-	
Repayment of borrowings		-	
Capital grants received		-	-
Net cash flows used in financing activities		-	-

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Net increase/(decrease) in cash and cash equivalents		6,852,711	3,904,859
Cash and cash equivalents as at 1 July 2024	27	5,273,570	1,368,711
Cash and cash equivalents as at 30 June 25	27	12,126,281	5,273,570

Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	5,273,570		5,273,570	5,273,570		100
Receipts						
Transfers from the County Government	4,000,000	1,000,000	5,000,000	4,693,577	306,423	93.87
Grants from donors and development partners						
Transfers from NHIF and SHIF	13,000,000		13,000,000	11,749,604	1,250,396	90.38
Public contributions and donations						
Rendering of services- Medical Service Income	22,000,000		22,000,000	19,495,399	2,504,601	88.62
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts (<i>specify</i>)						
Total receipts	44,273,570	1,000,000	45,273,570	41,212,150	4,061,420	91.03
Payments						
Medical/Clinical costs	15,510,973		15,510,973	14,169,736	1,341,237	91.35
Employee costs	4,125,465		4,125,465	4,016,673	108,792	97.36
Board of Management Expenses						
Property, Plant & Equipment	500,000		500,000		500,000	0.00
Furniture, fittings, and office equipment	500,000		500,000		500,000	0.00
ICT Equipment	500,000		500,000		500,000	0.00

***Tudor Sub County Hospital (County Government of Mombasa)
Annual Report and Financial Statements for The Year Ended 30th June 2025***

Repairs and maintenance	3,170,999		3,170,999	1,411,054	1,759,945	44.50
General expenses	8,943,257		8,943,257	8,479,270	463,988	94.81
Refunds		1,000,000	1,000,000		1,000,000	
Total Operational Expenditure paid	33,250,694	1,000,000	34,250,694	28,076,733	6,173,962	81.97
Capital Expenditure paid				1,009,137		
Surplus	11,022,876	0	11,022,876	12,126,281	(2,112,542)	110.01

Budget notes

1. The difference between the budget income and actual income is due to delays in receiving funds from receivables this is NHIF and SHIF reimbursements.

2. The difference in budget expense this is repairs and maintenance and purchase of equipment is due to Procurement delays, resulting in some planned expenditures not being incurred within the period.

:

19. Notes to the Financial Statements

1. General Information

Tudor Sub County hospital is established by and derives its authority and accountability from Financial Act. The entity is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. The hospital's principal activity is provision of healthcare.

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 *hospital'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 *hospital*. 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 2024

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 2024.

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

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

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii) Early adoption of standards

The hospital 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 hospital’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 *hospital* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on EEC. 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 *hospital* recorded additional appropriations of **2024/2025** on the FY EEC budget following the Board's approval. The *hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page **1** under section **13** of these financial statements.

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 **1** year. 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 hospital. 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 hospital 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 hospital 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 hospital. 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. Research and development costs

The hospital 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.

i. 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 hospital. At initial recognition, the hospital 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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. 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.

k. 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)

l. 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.

m. 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.

n. 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.

o. 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.)*

p. 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)

q. 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.

r. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s. 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.

t. 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.

Notes to the Financial Statements (Continued)

u. 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.

v. 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.

w. Comparative figures

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

x. 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

No Provisions were raised and management determined an estimate based on the information available. No Additional disclosure of these estimates of provisions is included in the Notes. 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
Unconditional grants		
Operational grant		
Level 4/5 grants		
Unconditional development grants		
Other grants (<i>specify</i>)		
Conditional grants		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
Total government grants and subsidies		

6 b Transfers from The County Government

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
Mombasa County Government					
Total					

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

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	139,671,140	113,598,800
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)		
Utility bills		
Total grants in kind	139,671,140	113,598,800

(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>)		
Total grants from development partners	0	0

(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					
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Total Transfers		

10. Public Contributions and Donations

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

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	4,573,454	3,431,160
Non-Pharmaceuticals	8,235	2,990
Laboratory	6,322,550	3,708,700
Radiology	1,164,900	
Orthopedic and Trauma Technology		131,800
Theatre	29,800	64,700
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service	4,500	7,400
Cancer centre service		
Dental services	603,100	619,350
Reproductive health		100,900
Paediatrics services		1,035,700
Farewell home services	-	
Ambulance services	319,000	
Other medical services income (<i>specify</i>)	4,350,005	1,709,945
Transfer from county in kind for salaries	-	
Under five reimbursment	7,083,282	1,455,726
Transfer from National Government (Ministry of Youth)	188,550	
National Hospital Insurance Fund Claims	8,331,260	4,800,000
Social Health Authority Claims	11,251,830	10,089,688
Total revenue from the rendering of services	44,230,466	27,158,059

(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		
Total Revenue from rent of facilities		

(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		
Total finance income		

(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>		
Total Miscellaneous income		

(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	198,000	540,900
Laboratory chemicals and reagents	4,572,507	1,467,897
Public health activities	137,850	
Food and Ration	1,790,470	2,581,010
Uniform, clothing, and linen	21,940	384200
Dressing and Non-Pharmaceuticals	4,884,118	3,607,620
Pharmaceutical supplies	4,996,153	2,313,923
Health information stationery	1,230,831	
Reproductive health materials		
Sanitary and cleansing Materials	569,555	1,079,714
Purchase of Medical gases	359,000	169,784
X-Ray/Radiology supplies		
Other medical related clinical costs (specify)		
Total medical/ clinical costs	18,760,424	12,145,048

(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	143,499,312	117,063,212
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)		
Employee costs	143,499,312	117,063,212

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

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

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	13,474,063	16,315,738
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	13,474,063	16,315,738

19. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, Plant ,Machinery & Equipment	843,270	297,080
Medical equipment	143,696	195,323
Maintenance of buildings & station	16,005	30,713

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Maintenance of medical& dental		
Computers and software	191,103	311,900
Motor vehicle expenses	416,337	207,585
Maintenance of electrical works	-	-
Maintenance of Hospital MIS	-	-
Total repairs and maintenance	1,610,411	1,042,601

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

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

21. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	1,000,000	436,594
Catering expenses	170,269	
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	33,658	20,000
Conferences and delegations		
Consultancy fees		
Contracted services	2,018,216	1,036,000
Electricity expenses	2,523,161	586,791
Fuel and Lubricants	460,000	815,836
Insurance		

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Research and development expenses		
Travel and accommodation allowance	320,870	
Legal expenses		
Licenses and permits		
Courier and postal services		
Printing and stationery	768,757	2,456,571
Hire charges		436,700
Rent expenses		
Water and sewerage costs	11,757	355,918
Skills development levies		
Telephone and mobile phone services	391,613	240,603
Internet expenses	90,000	67,500
Staff training and development	120,000	
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Waivers and Exemptions		
Civic training and development,CSR,capacity building		
Patient Refunds and Reversals		
Total General Expenses	7,908,301	6,452,513

22. Finance Costs

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

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(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>)		
Total gain on sale of assets		

24. Unrealized Gain On Fair Value Investments

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

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		
Total Gain/Loss		

26. Impairment Loss

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

27. Cash And Cash Equivalentents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	12,126,280	5,273,570
Total cash and cash equivalentents	12,126,280	5,273,570

(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		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
National bank	1001036119800	12,126,280	5,273,570
Kenya Commercial Bank	1265116474		
Total		12,126,280	5,273,570

28. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	10,411,741	3,011,800
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	10,411,741	3,011,800

(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

29. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government		
Undisbursed donor funds		
Transfers From Other Government Entities		
Less: impairment allowance		
Total		

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

Analysis of Receivables From Non-Exchange Transactions

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

30. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Non -Pharmaceutical supplies	1,175,493	192,977
Drugs	1,575,103	
Food supplies	46,060	215,083
Radiology Supplies	-	34,052
Laboratory reagents	847,617	89,091

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Sanitary Materials	19,795	
Computer accessories	-	
General supplies(stationaries)	38,905	-
Less: provision for impairment of stocks	-	-
Total	3,702,973	531,203

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)

31. 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
Cost								
At 1 July 2024 (previous year)	168,000,000	71,214,000	16,000,000	2,689,500	1,241,000	17,619,500		276,764,000
Additions				661,342	297,675	259,880		1,218,897
Disposals								
Transfer/adjustments								
At 30th June 2025	168,000,000	71,214,000	16,000,000	3,350,842	1,538,675	17,879,380		277,982,897
Depreciation and impairment	0%	10%	20%	12.50%	30%	30%		
At 1 July 2024 (previous year)		7,121,400	3,200,000	336,188	372,300	5,285,850		16,315,738
Depreciation for the year		6,409,260	2,560,000	376,832	349,913	3,778,059		13,474,063
Disposals								
Impairment								
At 30 June 2025		13,530,660	5,760,000	713,019	722,213	9,063,909		29,789,801
At 30th June 2025								

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Net book values								
At 30th Jun 2024	168,000,000	64,092,600	12,800,000	2,353,313	868,700	12,333,650		260,448,263
At 30th Jun 2025	168,000,000	57,683,340	10,240,000	2,637,823	816,463	8,815,471		248,193,096

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

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

33. Investment Property

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

(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)

34. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	-		-	
Total trade and other payables	-		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	4,469,528	100	5,482,618	100
1-2 years				
2-3 years				
Over 3 years				
Total	4,469,528	100	5,482,618	100

35. 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>)			-	
Total deposits			-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2-3 years				
Over 3 years				
Total	0	0	0	0

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Notes to the Financial Statements (Continued)

36. Provisions

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

37. Finance Lease Obligation

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

38. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

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

39. Borrowings

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

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

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

(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)

40. 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		

41. Social Benefits

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with Disabilities benefit Scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

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Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	(1,350,906)	2,176,336
Adjusted for:		
Depreciation	13,474,063	11,322,394
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments	(13,819,930)	
Increase in inventory	3,171,770	200,717
Increase in receivables	7,399,941	2,370,000
Increase in deferred income		
Increase in payables	(1,013,090)	(11,943,996)
Increase in payments received in advance		
Net cash flow from operating activities	7,861,848	4,125,451

(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)

43. Financial Risk Management

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

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

(i) Credit risk

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

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

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

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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. A rate increase/decrease of 5% would result in a decrease/increase in surplus.

iv) Capital Risk Management

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

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

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Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

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

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

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

45. Segment Information

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

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46. Contingent Liabilities

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

(Give details)

47. Capital Commitments

Capital Commitments	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
Total	0	0

(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)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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

.....
Accounting Officer



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)

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Mombasa County Government

Name of Beneficiary entity: Tudor Sub County Hospital

Confirmation of amounts received by Tudor Sub County Hospital as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RTGS	09-Jul-24	750,547.00	0	750,547.00	Under 5 reimbursements
RTGS	09-Jul-24	187,636.00	0	187,636.00	Under 5 Reimbursement
RTGS	09-May-25	1,000,000.00	0	1,000,000.00	SHA Registration
RTGS	04-Feb-25	1,455,394.00	0	1,455,394.00	Under 5 Reimbursement
RTGS	09-May-25	1,300,000.00	0	1,300,000.00	Under 5 Reimbursement
RTGS	30-Jun-25	2,389,705.00	0	2,389,705.00	Under 5 Reimbursement
Total		7,083,282.00	0	7,083,282.00	

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		
	✓								

Tudor Sub County Hospital (County Government of Mombasa)
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Appendix V: Disaster Expenditure Reporting Template

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