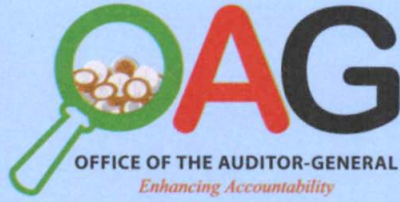


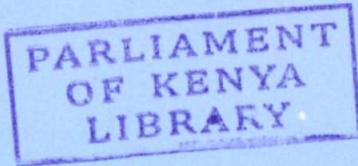
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**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**TUDOR SUB COUNTY LEVEL 4  
HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**MOMBASA COUNTY GOVERNMENT**

PAPERS LAID	
DATE	17th/02/2024
TABLED BY	helo gwe
COMMITTEE	—
CLERK AT THE TABLE	T. J. Juma





*Revised 30<sup>th</sup> June 2023*



**COUNTY GOVERNMENT OF MOMBASA**



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**TUDOR SUBCOUNTY HOSPITAL  
Level 4 HOSPITAL  
(Mombasa County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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

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

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

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

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

Tudor Sub-County Hospital is a 20-bed capacity KEPH level 4 hospital under Kenya Gazette Notice 11861, and is situated in Mombasa County.

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 0.85 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
- 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

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, Team work, Customer centricism, Innovation, Embracing human dignity and good governance.

**(c) Key Management**

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

- County department of health
- County Department of Finance
- Accounting Officer/ Medical Superintendent
- Health Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	<b>Dr. Mercy Bruba</b>
2.	Head of finance	<b>Emmanuel C. Kombe</b>
3.	Head of supply chain	<b>Maua Shaban</b>
4.	Health Administrative officer	<b>Hudaa Ali Said</b>
5.	Accountant	<b>Ilham Hashid</b>
6.	Human Resource Officer	<b>Nusrat Abdalla</b>
7.	Head Health Records & Information	<b>Paul Mwangi Wamaru</b>
8.	Head of Pharmacy	<b>Dr Azhar AbdulGhafur</b>
9.	Head of Clinical Officers	<b>Muhammed Mansour</b>

**(e) Fiduciary Oversight Arrangements**

**Executive Expenditure committee. (EEC)**

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

**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

**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

**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 medicine<sup>13</sup>.
3. Audit and Review Blood Use:
4. It monitors and investigates adverse reactions related to blood transfusions, implementing measures to prevent future incidents.

**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

**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 help the hospital operate more efficiently.

**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  
Mombasa, Kenya

Bima Towers, 6<sup>th</sup> Floor, Digo Road

**3. The Board of Management**


The hospital does not have a board of management.

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.		
2.		
3.		
4.		
5.		
6.		

**4. Key Management Team**

Ref	Management	Details
	<p><b>Dr Mercy Bruba</b> Medical Superintendent Bachelors of Medicine and Surgery</p> 	<p>Key Responsibilities</p> <ol style="list-style-type: none"> <li>1. Oversight of FIF implementation at the facility</li> <li>2. Holding meetings to review FIF performance and agree on appropriate actions to solve the problems</li> <li>3. Supervision of expenditure and revenue collections in every department</li> </ol>
	<p><b>Mwanaima Musa</b> Nursing Officer Kenya Registered Community Health Nurse (Diploma)</p> 	<p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Oversight on the nursing staff to ensure collections of all in-patient (NHIF, Cash and waivers)</li> <li>2. Oversight on Nursing staff in out-patient to ensure charging of appropriate schemes for out-patient services.</li> <li>3. Submitting the Nursing department needs during the FIF sharing.</li> </ol>
	<p><b>Hudaa Ali</b> Health Administrative Officer (HAO) Bachelor of Business Management (Finance) CPA IV</p> 	<p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Ensuring preparation of monthly collection reports,</li> <li>2. Monitoring performance against targets for each department</li> <li>3. Ensuring that all cash received is banked, and all services offered by schemes is charged as appropriate and invoiced.</li> <li>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.</li> </ol>
	<p><b>Ilham Hashid</b> Hospital Accountant CPA Finalist</p> 	<p><b>Key Responsibilities</b></p> <ol style="list-style-type: none"> <li>1. Receiving collection reports and cash analysis book.</li> <li>2. Recording of all expenditure in the appropriate Financial Information Systems</li> <li>3. Preparation and submitting of summary FIF reports,</li> <li>4. Maintaining cash analysis book</li> </ol>

*Tudor Subcounty Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

	<p><b>Maua Shaban</b> Procurement and Supply Chain Officer Bachelor of Supply Chain management</p> 	<p><b>5. Preparation of the FIF credit report</b> Key Responsibilities</p> <ol style="list-style-type: none"> <li>1. Oversee procurement, storage, and distribution of medical supplies and equipment to ensure timely delivery and cost-effectiveness.</li> <li>2. Monitor inventory levels to prevent shortages or overstocking, ensuring that supplies meet patient care needs.</li> <li>3. Ensure compliance with healthcare regulations and standards, and mitigate risks such as supply disruptions</li> </ol>
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**5. Chairman's Statement**

The hospital does not have a board of management.

## **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 donor. Key revenue contributions included pharmacy, laboratory, theatre, and inpatient maternity services.

### 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 - 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:
  - o Physiotherapy
  - o Occupational Therapy

### 3. Health Workforce

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

4. Revenue

Sources of Revenue

- Facility Improvement fund
- National Hospital 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.
- In the CCC and TB clinics, the hospital is utilizing the Kenya Electronic Medical Records (EMR) system.

6. Health Products and Technology (HPT)

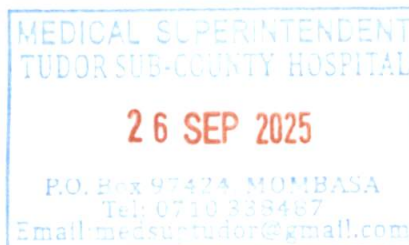
- All essential drugs, laboratory reagents, and equipment are available, ensuring that the hospital can provide necessary medical care.

The challenges experienced during the reporting period included:

1. Inadequate human resource with a high attrition rate particularly for the nursing cadre, this has affected the provision of 24 hours services.
2. Delayed re-imburement Linda mama and NHIF submitted claims.



.....  
**DR. AHMED KARAMA**  
**Secretary to the Board**



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

Tudor Hospital has 6 strategic pillars/ themes/issues and objectives within the current Annual Work Plan for the FY 2022-23. 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 Hospitals 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 2022/2023 period for its 6 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Eliminate Communicable conditions	To reduce communicable diseases	1.HIV+ pregnant mothers receiving preventive ARV’s to reduce risk of mother to child transmission (PMTCT)  2. Number of children under the age of five	ANC screening & treatment of HIV positive Defaulter tracing	53 pregnant mothers initiated on ARV  3 children successfully managed for

*Tudor Subcounty Hospital (Mombasa County Government)  
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		<p>treated for diarrhoea</p> <p>3. Number of eligible HIV clients on ARVs</p> <p>4. Children under one year of age fully immunized</p>		<p>diarrhea</p> <p>1671 eligible clients have been initiated on ARV treatment</p> <p>499 Children under one year of age fully immunized</p>
Halt and reverse the burden of non-communicable conditions	To reduce the incidence of Non communicable diseases	<p>1. Number of adult OPD clients with BMI of more than 25</p> <p>2. Number of women of reproductive age (WRA) screened for cervical cancer</p> <p>3, Number of new outpatients found with high blood pressure</p>	<p>Screening for NCDs</p> <p>Early detection and treatment of NCDs</p>	<p>3306 clients have BMI of more than 25</p> <p>309</p> <p>31</p>
Reduce the burden of violence and injuries		Number of new outpatient cases attributed to road		44

*Tudor Subcounty Hospital (Mombasa County Government)  
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		traffic accidents		
Provide essential health care		1.No. of pregnant women attending at least four ANC visits		567
		2.Number of WRA receiving family planning commodity		2476
		3. Number of clients tested for HIV		1
		4. Number of deliveries conducted by skilled attendants in health facilities		451
		5. Number of pregnant women getting iron supplements		1
Minimize exposure to health risk factors	To strengthen health promotion interventions and facilitate			

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

**7. Corporate Governance Statement**

The hospital does not have a board of management.

## **8. Management Discussion and Analysis**

### **Clinical/operational performance**

- Bed capacity of the hospital. 20
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance. (Facility lacks emergency department)
- Specialised clinic attendance
- Average length of stay for in patient.
- Bed occupancy rate 45%
- Mortality rate 0.7
- Surgical theatre utilisation (number of operations over a period of time) 13%
- 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. National health insurance fund reimbursements: funds received from NHIF 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.

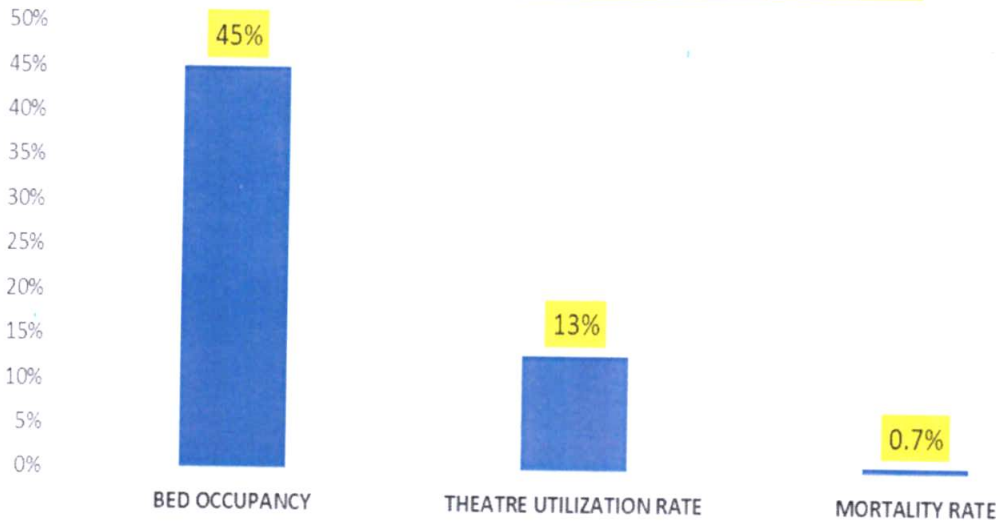
- **Utilisation of funds**

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.

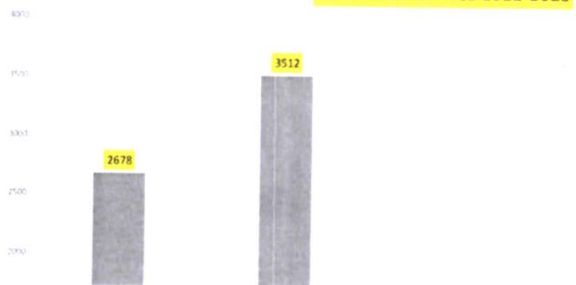


**Tudor Subcounty Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

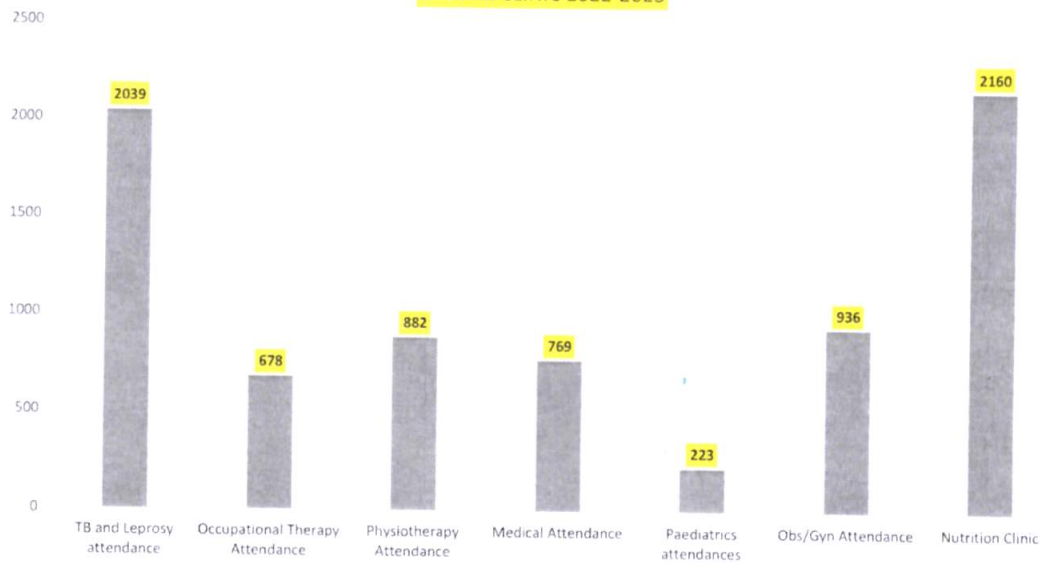
**HOSPITAL UTILIZATION AND MORTALITY 2022/2023**




**OPD ATTENDANCE 2022-2023**



**SPECIAL CLINIC 2022-2023**



  
.....  
**Dr. AHMED KARAMA**  
**Secretary to the Board**



## **9.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 proposal 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 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 need 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

**10. Report of The Board of Management**

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2023, which show the state of the *hospital's* affairs.

**Principal activities**

The principal activities of the Tudor Subcounty Hospital are to: -  
The hospital has no board of management.

**Results**

The results of Tudor Subcounty Hospital for the year ended June 30 2023 are set out on pages 1 to 52


**Board of Management**

Tudor subcounty Hospital has proposed names of the board members but awaiting approval from the county.

**Auditors**

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

By Order of the Board

.....  


**DR. AHMED KARAMA**

**Secretary to the Board**



**11. Statement of Board of Management's Responsibilities**

The hospital does not have a board of management.

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON TUDOR SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 - MOMBASA COUNTY GOVERNMENT**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Tudor Sub-County Level 4 Hospital - Mombasa County Government set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tudor Sub-County Level 4 Hospital – Mombasa County Government as at 30 June, 2023 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. Inaccurate Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.6,683,693 as at 30 June, 2023. However, the cash inflows of transfers from other County Government entities amounting to Kshs.8,032,310 differ from Nil amount in the statement of budget and actual amounts. Further, the cash outflows; medical/clinical cost of Kshs.9,124,382, employee costs of Kshs.1,914,810, repairs and maintenance cost of Kshs.933,336 and general expenses of Kshs.5,070,371 and finance costs of Kshs.565,293 differed with the amounts of Kshs.7,829,524, Kshs.2,543,857, Kshs.865,276, Kshs.4,044,075 and Nil respectively as stated in the statement of comparison of budget and actual amounts resulting in variances of Kshs.1,294,858, Kshs.629,047, Kshs.68,060 and Kshs.1,026,296 and Kshs.565,293 respectively which were not explained.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

#### **2. Incorrect Statement of Comparison of Budget and Actual Amount**

The statement of comparison of budget and actual amounts reflects original and final revenue budget of Kshs.19,330,983 for rendering of services. However, total income, total expenditure and capital expenditure were omitted. In addition, the entity did not provide explanation for variances between actual and budget above 10%.

In the circumstances, the accuracy and completeness of the statement budget and actual could not be confirmed.

#### **3. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.641,800 as disclosed in Note 28 to the financial statements. However, Management did not provide a ledger to support the balance. Further, analysis of NHIF system report revealed that although the Hospital submitted claims amounting to Kshs.8,571,000, the total claims invoiced totalled to Kshs.8,681,000 resulting in an

unclaimed amount of Kshs.110,000. The system generated report revealed that NHIF paid claims amounting to Kshs.5,665,401 leaving a balance of Kshs.2,905,599 as claims receivable against actual claims receivable of Kshs.3,015,599. In addition, the balance includes receivables amounting to Kshs.261,800 which has been long outstanding for over two (2) years and whose recoverability could not be ascertained.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.641,800 could not be confirmed.

#### **4. Unsupported Employee Costs Paid by the County Government**

The statement of financial performance reflects employee costs amounting to Kshs.120,939,139 as disclosed in Note 16 to the financial statements. The expenditure includes Kshs.113,542,720 paid by the County Government on behalf of the Hospital for services received from ninety-nine (99) medical and non-medical staff employed and paid for by the County Government of Mombasa. However, the payroll in support of the expenditure was not provided for audit review. Further, out of the balance of Kshs.7,396,419 only Kshs.2,543,857 was supported by payment vouchers leaving a balance of Kshs.4,852,562 unsupported.

In the circumstances, the accuracy and completeness of employee costs of Kshs.120,939,139 could not be confirmed.

#### **5. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,683,692 as disclosed in Note 27 to the financial statements. Review of cashbook provided for audit revealed that the facility did not keep separate cashbooks for each account operated but instead the bank accounts shared one cashbook. Review of the cashbook column where the transactions for KCB bank account was recorded revealed that the cashbook was not balanced and only monthly totals were indicated and could not be verified. Further, the monthly bank reconciliation statements, bank statements and the certificate of bank balance as at 30 June, 2023 for the account were not provided for audit review.

In addition, daily reconciliations of the amounts recorded in the Afya System and the bank statement for KCB bank account provided showed daily variances between cash collection and banking of Kshs.11,283,283 and Kshs.11,319,702 respectively resulting to a difference of Kshs.36,419 yet the amounts were directly paid in the bank account by a bank agent attached to the Hospital.

Review of the bank reconciliation statement for the National bank for the month of June 2023 indicated that Kshs.85,802 was payments in the cash book not recorded in the bank statement. Out of this amount, Kshs.53,192 were payments whose cheques had become stale and had not been written back as at the 30 June, 2023.

The cash book closing balance for the National bank account was Kshs.3,479,872 while the amount reported in the financial statement was Kshs.3,517,518 leading to a variance of Kshs.37,646. Further, all the cash books were not checked by an authorized senior officer as required by law.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.6,683,692 could not be confirmed.

#### **6. Unconfirmed Inventory Balance**

The statement of financial position reflects inventory balance of Kshs.251,736 as disclosed in Note 30 to the financial statements. However, audit of stores records revealed that the entity did not have store ledger cards and there was no evidence of annual stock take carried out to confirm the quantities, values and status of closing inventory balance as at 30 June, 2023.

In the circumstances, the accuracy, completeness, and valuation of the inventory balance of Kshs.251,736 could not be confirmed.

#### **7. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balances of kshs.245,960,668 as disclosed in Note 31 to the financial statements. However, the values attached to land and buildings were not supported by valuation reports from certified valuers. Further, the logbooks for the vehicles were not provided to confirm ownership. In addition, the balance includes land valued at Kshs.168,000,000 which was not supported by ownership title deed.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Ksh.245,960,668 could not be confirmed.

#### **8. Inaccurate Trade and Other Payables Balance**

The statement of financial position reflects trade and other payables balance of Kshs.17,267,248 as disclosed in Note 34 to the financial statements. The balance includes Kshs.2,227,519 owed to Kenya Medical Supplies Authority (KEMSA) while KEMSA records reflect Kshs.2,407,951 resulting in an unexplained variance of Kshs.180,432. Further, reconciliation of staff costs reveals outstanding staff payables of Kshs.5,481,609 as at 30 June, 2023 omitted from the closing balance leading to understatement by a similar amount.

In the circumstances, the accuracy, and completeness of the trade payable balance of Kshs.17,267,248 could not be confirmed.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year's Audit 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 the Hospital in 2024/2025 revealed that numerous matters remained unresolved as detailed in **Appendix**.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, Board of Management Report, Chairman's Report, Report of Medical Superintendent, Statement of Performance Against the 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 Tudor Subcounty 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.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Procurement of Medical Items**

The statement of financial performance reflects medical/clinical costs of Kshs.9,124,382 as disclosed in Note 15 to the financial statements. However, management did not provide an approved procurement plan, list of registered suppliers and procurement documents including appointment letters of ad hoc opening and evaluation committees, minutes of the opening and evaluation committees, professional opinion and market survey report for audit to ascertain how the items were procured.

In the circumstances, the regularity of the procurement process for the medical items of Kshs.9,124,382 could not be confirmed.

## 2. Irregular Engagement of Casual Workers

The statement of financial performance reflects employee costs amounting to Kshs.120,939,139 as disclosed in Note 16 to the financial statements out of which Kshs.2,385,857 related to casual workers' wages. Review of documents provided for audit revealed that Management engaged casual workers for more than three months by continuously renewing their three-month contracts at expiry an indication that they were not engaged for short term and urgent tasks.

In addition, review of sampled casual workers engagement letters revealed that the letters did not indicate the wage rate applicable to each worker and application letters, list of shortlisted candidates and minutes of interviews conducted were not provided for audit.

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

## 3. Failure to Meet Minimum Requirement of Level 4 Hospitals

Review of Hospital records and interviews showed that services offered, equipment used and medical specialists in the Hospital at the time of audit did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to shortage of 60 staff or 59 % of the authorized establishments as analysed here below:

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	41	55
<b>Total</b>	<b>99</b>	<b>41</b>	<b>57</b>	<b>58</b>

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, radiology services, outpatient services of outpatient turnover of more than two hundred and fifty, emergency, general and specialized operations and palliative care.

It was further noted that 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 and radiology service were also not available as the facility lacked a radiology center.

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. Finally, the In-charge registered medical practitioner did not hold Master's degree in a health-related field as required by the Act.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of 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 contrary to Section 13 of the Mombasa County Health Act, 2018 which states that there be an established Hospital Management Board which will work as the link between the Hospital and the community.

In the circumstances, Management may not meet its governance obligations.

#### 2. Lack of Information Technology (IT) controls systems

Review of the Sub-County 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 increased the vulnerability of data loss in the event of system failure, cyber-attacks, or natural disasters.

The absence of a formal information technology control system exposes the Hospital to operational and security risks due to the lack of standardized procedures and protocols.

### **3. Lack of Approved Hospital Staff Establishment**

During the year under review, the Hospital carried out various organizational activities involving human resources in its departments. However, the facility did not have an approved staff establishment to inform on the vacancies for appointments, promotions, redesignations, and planning on employee development.

In the circumstances, the effectiveness in the management of human resource functions could not be confirmed.

### **4. Unapproved Budget**

The statement of comparison of budget and actual amount reflects final revenue and expenditure budget of Kshs.19,330,983 and Kshs.16,593,446 and actuals of Kshs.16,000,406 and Kshs.15,282,732 respectively. Review of documents provided revealed that the Hospital management prepared an annual work plan and budget of Kshs.49,952,000 which were forwarded to the Director Medical Services but without the approval of the respective Chief Officer.

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

### **5. Inadequate Documentation and Contractual Oversight of the Duomed System**

Review of the revenue collection system showed that the Hospital had been utilizing the Duomed system for its cash collection services without a formal contract or service agreement with the system vendor. Despite the lack of acquisition, procurement and contractual documentation, the Hospital continued to engage the supplier for system support and maintenance. Further, the management was unable to provide sufficient information regarding the specific modules initially procured or implemented such as inventory management, human resource, or other operational components.

In addition, there was no evidence indicating when or if ownership of the system was expected to be fully transferred to the Hospital and if formal arrangements had been made for training in-house technical staff to support, maintain, or manage the system independently. As a result, the hospital remained reliant on the external supplier for ongoing support, increasing the risk of operational disruption and vendor lock-in in case of disputes and uncontrolled costs in the long run.

The absence of formal documentation and clarity on system acquisition, ownership, and operational sustainability exposes the Hospital to significant risks, including inaccurate financial reporting, diminished vendor accountability, and weak IT governance and internal controls.

### **6. Inadequate Storage Space for Non-Pharmaceutical and Pharmaceutical Supplies**

Physical verification of the pharmaceutical and non-pharmaceutical stores conducted on 21 and 22 July,2025 revealed that the hospital lacked adequate storage space to

maintain quality of the drugs and non-pharmaceutical items stored. In the laboratory, boxes and polythene bags containing health products were placed on 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 the same 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.

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 of Management**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standard IPSAS (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.

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

04 December, 2025

## Appendix: Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
1.	2021/2022	Inaccurate revenue from exchange transaction
2.	2021/2022	Unsupported employee costs
3.	2021/2022	Inaccurate and unsupported receivables from exchange transactions
4.	2021/2022	Unconfirmed Inventory Balance
5.	2021/2022	Unsupported property, plant and equipment
6.	2021/2022	Variances in Trade and Other Payables
7.	2021/2022	Irregular procurement of medical items
8.	2021/2022	Irregular procurement of air conditioner
9.	2021/2022	Irregular engagement of casual workers
10.	2021/2022	Failure to meet minimum requirements for level 4 hospitals
11.	2021/2022	Lack of hospital management board
12.	2021/2022	Lack of Information Technology (IT) Controls Systems
13.	2021/2022	Lack of approved hospital staff establishment
14.	2021/2022	Failure to Prepare an Annual Procurement Plan
15.	2021/2022	Inadequate Documentation and Contractual Oversight of the Duromed System
16.	2021/2022	Inadequate Storage Space for Non-Pharmaceutical and Pharmaceutical Supplies

*Tudor Subcounty Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**13. Statement of Financial Performance for The Year Ended 30 June 2023**

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6		
In- kind contributions from the County Government	7	119,024,329	113,826,739
Grants from donors and development partners	8		
Transfers from other Government entities	9	8,032,310	2,223,730
Public contributions and donations	10		
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	11,298,673	8,296,706
Revenue from rent of facilities	12	0	
Finance /Interest Income	13	0	
Miscellaneous Income	14	0	
<b>Revenue from exchange transactions</b>		<b>0</b>	<b>8,296,706</b>
<b>Total revenue</b>		<b>138,355,312</b>	<b>124,347,175</b>
<b>Expenses</b>			
Medical/Clinical costs	15	9,124,382	4,462,782
Employee costs	16	120,939,139	115,005,929
Board of Management Expenses	17	0	
Depreciation and amortization expense	18	27,897,331	15,214,688
Repairs and maintenance	19	933,336	1,068,812
Grants and subsidies	20	0	
General expenses	21	5,070,371	2,909,264
Finance costs	22	0	
<b>Total expenses</b>		<b>163,964,559</b>	<b>138,661,475</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	0	

**Tudor Subcounty Hospital (Mombasa County Government)**  
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Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	
Medical services contracts Gains/Losses	25	0	
Impairment loss	26	0	
Gain on foreign exchange transactions		0	
<b>Total other gains/(losses)</b>		<b>0</b>	
<b>Net Surplus / (Deficit) for the year</b>		<b>(25,609,247)</b>	<b>(14,314,300)</b>

(The notes set out on pages 10 to 52 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/2025 and signed on its behalf by:

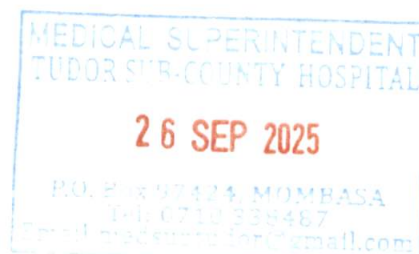
.....  
**Chairman**

**Board of Management**

Utara  
.....  
**Head of Finance**

**ICPAK No:**

Ant  
.....  
**Medical Superintendent**



*Tudor Subcounty Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**14. Statement of Financial Position as at 30<sup>th</sup> June 2023**

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	6,683,692	4,960,902
Receivables from exchange transactions	28	641,800	839,210
Receivables from non-exchange transactions	29		
Inventories	30	251,736	816,125
<b>Total Current Assets</b>		<b>7,577,228</b>	<b>6,616,237</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	245,960,668	257,428,813
Intangible assets	32		
Investment property	33		
<b>Total Non-current Assets</b>		<b>245,960,668</b>	<b>257,428,813</b>
<b>Total assets</b>		<b>253,537,896</b>	<b>264,045,050</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	17,267,248	12,467,020
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Social Benefits	41		
<b>Total Current Liabilities</b>		<b>17,267,248</b>	<b>12,467,020</b>
<b>Non-current liabilities</b>			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability	40		
Social Benefits	41		

**Tudor Subcounty Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023**

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Total Non-current liabilities</b>			
<b>Total Liabilities</b>		<b>17,267,248</b>	<b>12,467,020</b>
<b>Net assets</b>		<b>236,270,649</b>	<b>251,578,030</b>
Revaluation reserve		261,879,896	265,892,330
Accumulated surplus/Deficit		(25,609,247)	(14,314,300)
Capital Fund			
<b>Total Net Assets and Liabilities</b>		<b>236,270,649</b>	<b>251,578,030</b>

(The notes set out on pages 10 to 52 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 26/09/2025 and signed on its behalf by:

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

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

*Just*  
 .....  
**Medical Superintendent**

MEDICAL SUPERINTENDENT  
 TUDOR SUB-COUNTY HOSPITAL  
**26 SEP 2025**  
 P.O. Box 97424, MOMBASA  
 Tel: 0710 338487.  
 Email: medsuprtudor@gmail.com

*Tudor Subcounty Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2023*

**15. Statement of Changes in Net Asset for The Year Ended 30 June 2023**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2021 (previous year)</b>				
Revaluation gain				
Surplus/(deficit) for the year				
Capital/Development grants				
<b>As at June 30, 2022 (previous year)</b>	265,892,330	(14,314,300)		<b>251,578,030</b>
<b>At July 1, 2022 (current year)</b>				
Revaluation gain	261,879,896	(25,609,247)		<b>236,270,649</b>
Surplus/(deficit) for the year				
Capital/Development grants				
<b>At June 30, 2023 (current year)</b>	261,879,896	(25,609,247)		<b>236,270,649</b>

*(Note:*

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

**16. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			
Grants from donors and development partners			
Transfers from other Government entities		8,032,310	2,223,730
Public contributions and donations			
Rendering of services- Medical Service Income		11,298,673	8,296,706
Revenue from rent of facilities			
Finance / interest income			2,271,258
Miscellaneous receipts( <i>specify</i> )			
<b>Total Receipts</b>		<b>19,330,983</b>	<b>13,630,904</b>
<b>Payments</b>			
Medical/Clinical costs		9,124,382	4,502,242
Employee costs		1,914,810	1,179,190
Board of Management Expenses		0	
Repairs and maintenance		933,336	1,068,812
Grants and subsidies		0	
General expenses		5,070,371	2,909,264
Finance costs		565,293	
Refunds paid out		0	
<b>Total Payments</b>		<b>17,608,192</b>	<b>10,742,413</b>
<b>Net cash flows from operating activities</b>	42	<b>1,722,791</b>	<b>2,888,492</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment & intangible assets			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
<b>Net cash flows used in investing activities</b>			

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<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,722,791	2,888,492
Cash and cash equivalents as at 1 July	27	4,960,902	2,072,410
<b>Cash and cash equivalents as at 30 June</b>	27	<b>6,683,693</b>	4,960,902

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

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**17. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2023**

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	
<b>Revenue</b>						
Transfers from the County Government						
Grants from donors and development partners						
Transfers from other Government entities						
Public contributions and donations			Xs			
Rendering of services- Medical Service Income	19,330,983		19,330,983	16,000,406	2,330,577	83%
Revenue from rent of facilities						
Finance / interest income						
Miscellaneous receipts ( <i>specify</i> )						
<b>Total income</b>						
<b>Expenses</b>						
Medical/Clinical costs	8,706,867		8,706,867	7,829,524	877,343	90%
Employee costs	2,058,452		2,058,452	2,543,857	(485,405)	124%
Remuneration of directors						
Repairs and maintenance	933,336		961,656	865,276	96,380	90%
Grants and subsidies						
General expenses	4,866,471		4,866,471	4,044,075	822,396	83%
Finance costs						
Refunds						
<b>Surplus for the period</b>	<b>2,737,537</b>		<b>2,737,537</b>	<b>717,674</b>	<b>1,190,773</b>	
<b>Capital expenditure</b>						

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**Budget notes**

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

:

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

### **1. General Information**

Tudor Subcounty Hospital is established by and derives its authority and accountability from Financial Act. The Tudor Subcounty Hospital is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. Tudor Subcounty Hospital principal activity is provision of health care.

### **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 Tudor Subcounty Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of

Tudor subcounty 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 2023

Standard	Effective date and impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul>

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Standard	Effective date and impact
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i></li> </ul> <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation,</p>

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Standard	Effective date and impact
	<p>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>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires: -</p> <ul style="list-style-type: none"> <li>i. 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:</li> <li>ii. 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.</li> </ul>

**iii) Early adoption of standards**

Tudor Subcounty Hospital did not early – adopt any new or amended standards in the year 2022/2023

**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 Tudor Subcounty 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**

Tudor Subcounty Hospital 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 facility.

**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 FY2022/2023 was approved by Board. 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 Tudor Subcounty Hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, Tudor Subcounty Hospital recorded additional appropriations on the FY 2022/2023 budget following the Board's approval. Tudor subcounty Hospital 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 8 under section 18 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. 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, Tudor subcounty Hospital 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.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Building and civil works	-	10%
Motor Vehicle	-	20%
Furniture fittings and office equipment	-	12.5%
ICT Equipment	-	30%
Plant and medical equipment	-	30%

*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 Tudor Subcounty Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the hospital 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 hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one hospital 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**

Tudor Subcounty Hospital 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 hospital'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, Tudor Subcounty Hospital 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 hospital 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 hospital 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 hospital 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 26*.

**Financial liabilities**

**Classification**

The Tudor Subcounty Hospital 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 hospital.

**k. Provisions**

Provisions are recognized when the hospital 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 hospital 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 Tudor Subcounty Hospital 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 hospital will incur in fulfilling the present obligations represented by the liability.

**m. Contingent liabilities**

Tudor Subcounty Hospital 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 Tudor Subcounty Hospital 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 hospital 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 Tudor Subcounty Hospital creates and maintains reserves in terms of specific requirements. *(Hospital to state the reserves maintained and appropriate policies adopted.)*

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

The Tudor Subcounty Hospital 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 hospital 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 Tudor Subcounty Hospital 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 Tudor Subcounty Hospital, 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 Tudor Subcounty Hospital 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, Tudor Subcounty Hospital 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, Tudor Subcounty hospital 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, 2023.

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

The preparation of the Tudor Subcounty Hospital '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 hospital 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 hospita. 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 hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36. 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 2022/2023	FY 2021/2022
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant		
Level 5 grants		
Unconditional development grants		
Other grants		
<b>Conditional grants</b>		
User fee forgone		
Transforming health services for Universal care project (THUCP)		
DANIDA		
Wards Development grant		
Paediatric block grant		
Administration block grant		
Laboratory grant		
<b>Total government grants and subsidies</b>		

**6 b Transfers from The County Government**

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

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

*\*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).*

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Notes to Financial Statements Continued

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Salaries and wages	113,542,720	113,280,780
Medical supplies-Drawings Rights (KEMSA)	1,639,374	
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,642,235	435,959
Utility bills	1,200,000	110,000
<b>Total grants in kind</b>	<b>119,024,329</b>	<b>113,826,739</b>

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

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

Description	2022/2023	2021/2022
	KShs	KShs
Cancer Centre grant- DANIDA		
World Bank grants		
Paediatric ward grant- JICA		
Research grants		
Other grants ( <i>specify</i> )		
<b>Total grants from development partners</b>		

*(Provide brief explanation for this revenue)*

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022/2023	2021/2022
	KShs	KShs
Transfer from National Government (Ministry of Health)		
Transfer from National Hospital	8,032,310	2,223,730
Transfer from Institute		
<b>Total Transfers</b>	8,032,310	2,223,730

10. Public Contributions and Donations

Description	2022/2023	2021/2022
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from other international organisations and individuals		
Other donations( <i>specify</i> )		
Donations in kind-amortised		
<b>Total donations and sponsorships</b>		

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>		
Current year receipts		
Amortised and transferred to revenue		
<b>Conditions to be met – remain liabilities</b>		

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Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Pharmaceuticals	2,959,848	1,858,912
Non-Pharmaceuticals	2,970	381,140
Laboratory	3,137,750	2,190,580
Radiology	874,200	79,400
Orthopedic and Trauma Technology		
Theatre	105,500	95,860
Accident and Emergency Service		
Anesthesia Service		
Ear Nose and Throat service		
Nutrition service	7,100	2,700
Cancer centre service	0	
Dental services	552,800	467,850
Reproductive health	177,600	686,740
Paediatrics services		11,930
Farewell home services	0	
Other medical services income ( <i>specify</i> )	3,480,905	2,521,594
<b>Total revenue from the rendering of services</b>	<b>11,298,673</b>	<b>8,296,706</b>

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

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

**12. Revenue From Rent of Facilities**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Residential property		
Commercial property		
<b>Total Revenue from rent of facilities</b>		

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Cash investments and fixed deposits		
Interest income from short- term/ current deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
<b>Total finance income</b>		

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Insurance recoveries		
Income from sale of tender		
Services concession income		
Sale of goods (water, publications, containers etc)		
Write backs (Deposits, payments in advance etc)		
Bad debts recovered		
<i>Others (Specify)</i>		
<b>Total Miscellaneous income</b>		

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

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

**15. Medical/ Clinical Costs**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Dental costs/ materials	160,050	29,550
Laboratory chemicals and reagents	1,201,463	806,687
Public health activities		
Food and Ration	2,162,980	708,165
Uniform, clothing, and linen		
Dressing and non-pharmaceuticals	2,992,203	1,103,280
Pharmaceutical supplies	1,669,594	290,600
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	938,092	704,960
Purchase of Medical gases	0	819,540
X-Ray/Radiology supplies		
Other medical related clinical costs ( <i>specify</i> )		
<b>Total medical/ clinical costs</b>	<b>9,124,382</b>	<b>4,462,782</b>

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

**16. Employee Costs**

Description	FY 2023/2022	FY 2022/2021
	Kshs	Kshs
Salaries, wages, and allowances	120,939,139	115,005,929
Contributions to pension schemes		
Service gratuity		
Performance and other bonuses		
Staff medical expenses and Insurance cover		
Group personal accident insurance and WIBA		
Social contribution		
Other employee costs ( <i>specify</i> )		
<b>Employee costs</b>	<b>120,939,139</b>	<b>115,005,929</b>

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



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

**17. Board of Management Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance		
Mileage		
Insurance expenses		
Induction and training		
Travel and accommodation allowance		
Airtime allowances		
<b>Total</b>		

**18. Depreciation and Amortization Expense**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, plant and equipment	27,897,331	15,214,688
Intangible assets	0	
Investment property carried at cost	0	
<b>Total depreciation and amortization</b>	27,897,331	15,214,688

**19. Repairs And Maintenance**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property- Buildings	422,766	324,910
Medical equipment	27,000	0
Office equipment	83,620	63,110
Furniture and fittings		0
Computers and accessories	46,534	81,780
Motor vehicle expenses	98,288	164,341
Maintenance of plant and machinery	255,128	434,671
<b>Total repairs and maintenance</b>	<b>933,336</b>	<b>1,068,812</b>

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Community development and social work		
Education initiatives and programs		
Free/ subsidised medical camp		
Disability programs		
Free cancer screening		
Social benefit expenses		
Other grants and subsidies( <i>specify</i> )		
<b>Total grants and subsidies</b>		

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

21. General Expenses

Description	FY 2023/2022	FY 2022/2021
	Kshs	Kshs
Advertising and publicity expenses		
Catering expenses	328,386	190,000
Waste management expenses		
Insecticides and rodenticides		
Audit fees		
Bank charges	44,057	
Conferences and delegations		
Consultancy fees		
Contracted services	492,000	384,000
Electricity expenses	1,400,000	730,000
Fuel and Lubricants	536,095	499,400
Other fuel	171,500	82,000
Insurance	3,050	15,798
Research and development expenses		
Travel and accommodation allowance		211,095
Legal expenses		
Licenses and permits		
Courier and postal services	18,900	1,220
Printing and stationery	1,685,633	399,847
Hire charges		
Rent expenses		
Water and sewerage costs	102,800	88,490

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Description	FY 2023/2022	FY 2022/2021
	Kshs	Kshs
Skills development levies		
Telephone and mobile phone services	146,900	135,034
Internet expenses	57,750	61,255
Staff training and development	28,000	
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		62,150
Daily Subsistence Allowance	55,300	48,975
Parking charges		
<b>Total General Expenses</b>	<b>5,070,371</b>	<b>2,909,264</b>

**22. Finance Costs**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Borrowings (amortized cost) *		
Finance leases (amortized cost)		
Interest on Bank overdrafts/Guarantees		
Interest on loans from commercial banks		
<b>Total finance costs</b>		

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

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
Other assets not capitalised ( <i>specify</i> )		
<b>Total gain on sale of assets</b>		

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

Description	FY 2022/2022	FY 2021/2022
	KShs	KShs
Investments at fair value		

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<b>Total gain</b>			
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**Notes to the Financial Statements (Continued)**

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

Description	FY2022/2023	FY 2021/2022
	KShs	KShs
Comprehensive care contracts with NHIF		
Non- Comprehensive contracts care with NHIF		
Linda Mama Program		
Waivers and Exemptions		
<b>Total Gain/Loss</b>		

**26. Impairment Loss**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant, and equipment		
Intangible assets		
<b>Total impairment loss</b>		

**27. Cash And Cash Equivalents**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current accounts	6,683,692	4,960,902
On - call deposits		-
Fixed deposits accounts		-
Cash in hand		-
Others( <i>specify</i> )- Mobile money		-
<b>Total cash and cash equivalents</b>	<b>6,683,692</b>	<b>4,960,902</b>

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

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

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

Description		2022/2023	2021/2022
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial Bank	1265116474	3,166,174	2,395,570
National Bank Of Kenya	01001036119800	3,517,518	2,565,332
		<b>6,683,692</b>	<b>4,960,902</b>
<b>Sub- total</b>			
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank – etc.			
<b>Sub- total</b>			
<b>c) Fixed deposits account</b>			
Bank Name			
<b>Sub- total</b>			
<b>d) Others(specify)</b>			
cash in hand			
Mobile money- Mpesa, Airtel money			
<b>Sub- total</b>			
<b>Grand total</b>			

**28. Receivables From Exchange Transactions**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Medical services receivables	641,800	839,210
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>641,800</b>	<b>839,210</b>

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

**Analysis of Receivables From Exchange Transactions**

Description	FY 2022/2023		2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	120,000	19%		
Between 1- 2 years	260,000	40%		
Between 2-3 years	126,800	20%		
Over 3 years	135,000	21%		
<b>Total (a+b)</b>	<b>641,800</b>			

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

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Medical services receivables		
Rent receivables		
Other exchange debtors		
Less: impairment allowance		
<b>Total receivables</b>		

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

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
<b>Total (a+b)</b>				

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

**30. Inventories**

<b>Description</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	136,614	24,216
Maintenance supplies		140,209
Food supplies	115,122	59,014
Linen and clothing supplies		
Cleaning materials supplies		58,747
General supplies		533,939
Less: provision for impairment of stocks		
<b>Total</b>	<b>251,736</b>	<b>816,125</b>

*(Inventory is calculated on a monthly basis by dividing the annual cost of inventory level throughout the year)*

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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
<b>Cost</b>								
At 1 July 2021 (previous year)	168,000,000	71,214,000		1,715,000	565,000	14,568,000		256,062,000
Additions			16,000,000	202,500	199,000	180,000		16,581,500
Disposals								
Transfers/adjustments								
<b>At 30<sup>th</sup> Jun 2022</b>	<b>168,000,000</b>	<b>71,214,000</b>	<b>16,000,000</b>	<b>1,917,500</b>	<b>764,000</b>	<b>14,748,000</b>		<b>272,643,500</b>
At 1 July 2022(current year)	168,000,000	71,214,000	16,000,000	1,917,500	764,000	14,748,000		272,643,500
Additions				675,500	162,000	377,000		1,214,500
Disposals								
Transfer/adjustments								
<b>At 30<sup>th</sup> Jun 2023</b>	<b>168,000,000</b>	<b>71,214,000</b>	<b>16,000,000</b>	<b>2,593,000</b>	<b>926,000</b>	<b>15,125,000</b>		<b>273,858,000</b>
<b>Depreciation and impairment</b>								
At 1 July 2022 (previous year)		7,121,400.00	3,200,000.00	239,687.500	229,200.00	4,424,400.00		15,214,687.50

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Depreciation for the year		6,409,260	2,560,000	294,164	209,040	3,210,180		12,682,644
Disposals								
Impairment								
<b>At 30 June 2023</b>		<b>13,530,660</b>	<b>5,760,000</b>	<b>533,851</b>	<b>438,240</b>	<b>7,634,580</b>		<b>27,897,331</b>
At July 2022 (current year)								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
<b>At 30<sup>th</sup> June 2023</b>								
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2022 (previous)	168,000,000	64,092,600	12,800,000	1,677,812	534,800	10,323,600		257,428,812
At 30 <sup>th</sup> Jun 2023 (current)	168,000,000	57,683,340	10,240,000	2,059,148	487,760	7,490,420		245,960,668

*(The values assigned to property, plant and equipment as reflected in financial statements are estimates as a result the reported values may not represent the exact current market values of this assets.)*

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

**32. Intangible Assets-Software**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>		
Additions		
Additions–Internal development		
Disposal		
<b>At end of the year</b>		
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		
Amortization for the period		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>		

**33. Investment Property**

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
<b>At beginning of the year</b>		
Additions		
Disposals during the year		
Fair value gain		
Depreciation ( <i>where investment property is at cost</i> )		
Impairment		
<b>At end of the year</b>		

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

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

**34. Trade and other Payables**

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Trade payables	17,267,248		12,467,020	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
<b>Total trade and other payables</b>	17,267,248		12,467,020	
<b>Ageing analysis:</b>	<b>Current FY 2022/20 23</b>	<b>% of the Total</b>	<b>Compa rative FY 2021/20 22</b>	<b>% of the total</b>
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

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

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Medical fees paid in advance				
Credit facility deposit				
Rent deposits				
Others (specify)				
<b>Total deposits</b>				
<b>Ageing analysis:</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>	<b>FY 2021/2022</b>	<b>% of the Total</b>
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

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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 utilised				
Change due to discount & time value for money				
<b>Total provisions</b>				
Current Provisions				
Non-Current Provisions				
<b>Total Provisions</b>				

37. Finance Lease Obligation

Description	FY 2022/2023	FY 2021/2022
Current Lease obligation		
Long term lease obligation		
<b>Total</b>		

38. Deferred Income

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Current Portion		
Non-Current Portion		
<b>Total</b>		

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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> )				
<b>Balance C/F</b>				

**39. Borrowings**

Description	FY 2022/2023	FY 2021/2022
	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		
<b>Balance at end of the period</b>		

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

Description	FY 2022/2023	2021/2022
	KShs	KShs
Current Obligation		
Non-Current Obligation		
<b>Total</b>		

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

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

**40. Service Concession Arrangements**

<b>Description</b>	<b>FY 2022/2023</b>	<b>FY 2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
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 Benefit Liabilities**

<b>Description</b>	<b>FY 2022/2023</b>	<b>Insert previous FY</b>
	<b>Kshs</b>	<b>Kshs</b>
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		
<b>Total</b>		
Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>		

*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 2022/2023	FY 2021/2022
	KShs	KShs
Surplus for the year before tax	(25,609,247)	(221,977)
<b>Adjusted for:</b>		
Depreciation	27,897,331	<b>15,214,687</b>
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
<b>Working Capital adjustments</b>		
Decrease in inventory		515,643
Decrease in receivables		1,341,800
Increase in deferred income		
Increase in payables	5,010,875	(11,789,880)
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>1,722,791</b>	<b>5,060,274</b>

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

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

**43. Financial Risk Management**

The hospital's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 hospital's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The hospital 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 company'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 hospital'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 2022 (previous year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
<b>Total</b>				
At 30 June 2023 (current year)				
Receivables from exchange transactions				
Receivables from –non-exchange transactions				
Bank balances				
<b>Total</b>				

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the Tudor Subcounty hospital'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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The hospital has significant concentration of credit risk on amounts due. The board of management sets the company'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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	-	-	12,467,020	12,467,020
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	-	-	12,467,020	12,467,020
<b>At 30 June 2023</b>				
Trade payables	-	-	17,267,248	17,267,248
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	-	-	17,267,248	17,267,248

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**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 hospital 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 hospital'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 company'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 hospital's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The hospital 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 hospital's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2022</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 2023</b>			
Financial assets (investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2022 (previous year)</b>			
Euro			
USD			
<b>2023 (current year)</b>			
Euro			
USD			

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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**Sensitivity analysis**

The Tudor Subcounty Hospital 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.

**iv) Capital Risk Management**

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

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve		
Retained earnings		
Capital reserve		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/ ( <i>excess cash and cash equivalents</i> )		
<b>Gearing</b>		

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

**44. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the hospital 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.

Mombasa County Government is the principal shareholder of the Tudor Sub County Hospital, holding 100% of the Tudor Subcounty Hospital's equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the hospital, 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 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services		
Sales of services		
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from County Government	113,542,720	113,826,739
Grants from the National Government Entities		
Donations in kind		
<b>Total</b>		
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees		
Payments for goods and services		
<b>Total</b>		

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Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
<b>d) Key management compensation</b>		
Directors' emoluments		
Compensation to the medical Sup		
Compensation to key management		
<b>Total</b>	<b>113,542,720</b>	<b>113,826,739</b>

**45. Segment Information**

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

**46. Contingent Liabilities**

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Court case against the company		
Bank guarantees in favour of subsidiary		
<b>Total</b>		

*(Give details)*

**47. Capital Commitments**

Capital Commitments	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Authorised For		
Authorised And Contracted For		
<b>Total</b>		

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

**48. Events after the Reporting Period**

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

**49. Ultimate and Holding Entity**

Tudor Subcounty Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of health. 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.

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**19. Appendices**

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

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

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

**Guidance Notes:**

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

.....  
**Accounting Officer**

MEDICAL SUPERINTENDENT  
TUDOR SUB-COUNTY HOSPITAL  
**26 SEP 2025**  
P.O. Box 97424, MOMBASA  
Tel: 0710 336487  
Email: medsupctudor@gmail.com

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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

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

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2023				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

**Head of Accounts Department of the beneficiary entity:**

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

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**Appendix IV Reporting of Climate Relevant Expenditures**

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

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**Appendix V: Disaster Expenditure Reporting Template**

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