

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability

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# REPORT

OF

THE AUDITOR-GENERAL

ON

PARLIAMENT  
OF KENYA  
LIBRARY

LIKONI SUB - COUNTY LEVEL 4  
HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

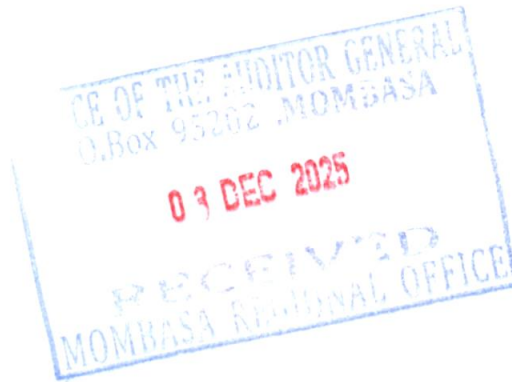
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MOMBASA COUNTY GOVERNMENT







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**LIKONI SUB COUNTY HOSPITAL  
LEVEL 4  
(Mombasa County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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

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## 1. Acronyms & Glossary of Terms

|                      |                                                                           |
|----------------------|---------------------------------------------------------------------------|
| AIE                  | Authority to Incur Expenditure                                            |
| CSR                  | Corporate Social Responsibility                                           |
| DOH                  | Department of Health                                                      |
| EEC                  | Executive Expenditure Committee                                           |
| FIF                  | Facility Improvement Fund                                                 |
| FY                   | Financial year                                                            |
| HAO                  | Hospital Administrative Officer                                           |
| HMT                  | Hospital Management Team                                                  |
| HOD                  | Head of Department                                                        |
| KEMSA                | Kenya Medical Supplies Authority                                          |
| KEMRI                | Kenya Medical Research Institute                                          |
| LSCH                 | Likoni Sub-County Hospital                                                |
| MED SUP              | Medical Superintendent                                                    |
| MOH                  | Ministry of Health                                                        |
| NHIF                 | National Hospital Insurance Fund                                          |
| OSHA                 | Occupational Health & Safety Act                                          |
| PFMA                 | Public Financial Management Act                                           |
| SHA                  | Social Health Authority                                                   |
| USAID                | United States Agency for International Development                        |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |

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

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

Likoni Subcounty Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Mombasa County under the Health Department. It has a bed capacity of 24. It started as a health centre and was upgraded to a level 4 hospital with minimal infrastructural upgrade.

The facility has a catchment population of 100,000. The hospital offers 24-hour outpatient and inpatient services and has a theater that serves mainly maternity and general surgery cases. It serves as a referral institution for the lower-level facilities nearby and also serves patients from nearby Kwale County.

The hospital is governed by Hospital Management Team and does not have a board. A recommended list of Board members has been submitted to the Chief Officer Clinical Services for onward forwarding.

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

#### **Mission**

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

#### **Vision.**

A leading hospital with healthy and productive community.

The principal activities of the hospital are broadly divided into three main categories: preventive, curative and rehabilitative. These services are as listed below:

**Services offered:**

- Casualty
- OPD
- Antenatal services
- Child welfare clinic
- Postnatal clinic
- Immunization services
- CCC (HIV diagnosis and Treatment)
- TB Clinic
- 24-hour lab
- 24-hour pharmacy
- Youth Friendly Services
- Physiotherapy
- Occupational therapy
- Orthopedic trauma
- Nutrition clinic
- Special clinics (Paediatrics, Obstetrics and Gynaecological, Physician, General Surgery, Dermatology)
- Gender Based Violence Services - Free
- Dental Services
- Radiology (X-Ray and Ultrasound)
- Inpatient Maternity and gynaecological
- Theater Services (General and Obgyn)
- Post Abortal Care

**(c) Key Management**

The Likoni Subcounty Hospital management is under the following key organs:

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



**(d) Fiduciary Management**

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

| No. | Designation                       | Name                                      |
|-----|-----------------------------------|-------------------------------------------|
| 1.  | Medical Superintendent            | <b>Dr Rehana Khan</b>                     |
| 2.  | Health Administrative Officer     | <b>Mrs Rahma Ali/ Mrs. Hafidha Hamisa</b> |
| 3.  | Head of finance                   | <b>Mr David Munguti</b>                   |
| 4.  | Human Resource Officer            | <b>Mr. Ifdhel Badi</b>                    |
| 5.  | Head of Nursing                   | <b>Matron Monica Munyendo</b>             |
| 6.  | Head of supply chain              | <b>Mrs Maua Shaban/Mr Faiz Shalo</b>      |
| 7.  | Pharmacist In Charge              | <b>Dr Pheny Lucy</b>                      |
| 8.  | Lab In charge                     | <b>Mr Joseph Ngigi</b>                    |
| 9.  | Maternity In charge               | <b>Mrs Jackline Maganga</b>               |
| 10. | Casualty In Charge                | <b>Mrs Brenda Watende</b>                 |
| 11. | Physiotherapy In charge           | <b>Mrs Hyline Nyaboke</b>                 |
| 12. | Head Health Records & Information | <b>Mrs. Dinah Arenda</b>                  |
| 13. | Head of Clinical Officers/OPD     | <b>Mrs. Margret Maiyo</b>                 |
| 14. | Head of Dental Department         | <b>Dr. Siham Mohsin/ Dr Shaheed Malik</b> |
| 15. | Head of Medical Officers          | <b>Dr. Abdulkader Ilyas</b>               |
| 16. | Radiographer In charge            | <b>Mrs. Joy Sophia</b>                    |
| 17. | Biomedical Officer In charge      | <b>Mr. Mohammed Nassor</b>                |
| 18. | Orthopaedic Technician In charge  | <b>Mr. Kevin Wandira</b>                  |
| 19. | Occupational Therapist In charge  | <b>Mrs. Mediatrrix Rubia</b>              |
| 20. | Public Health Officer In Charge   | <b>Mrs. Saumu Ibrahim</b>                 |
| 21. | Theater In-Charge                 | <b>Mr. Richard Mwinyi</b>                 |
| 22. | Nutritionist In charge            | <b>Mrs. Rehama Bakari</b>                 |
| 23. | CCC In Charge                     | <b>Mr Mohamed Matsudzo</b>                |

(e) **Fiduciary Oversight Arrangements**

**Hospital Management Team. (HMT)**

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

**Executive Expenditure committee. (EEC)**

- 1) Budget planning and allocation
- 2) Expense monitoring
- 3) Procurement oversight
- 4) Financial reporting
- 5) Cost control measures

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

- (f) **Entity Headquarters**  
P.O. Box 96239-80100  
Likoni-Ukunda Road  
Mombasa, Kenya.

(g) **Entity Contacts**

Telephone: (+254) 100253697  
E-mail: likonihealthcentre@gmail.com

(h) **Entity Bankers**

KCB Bank Kenya Limited  
Treasury Branch  
P.O. Box 90300-80100, MOMBASA  
Telephone: +254 0412224457/ 2223677/2319419/2319420

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**(k) County Attorney**

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

**3. The Board of Management**

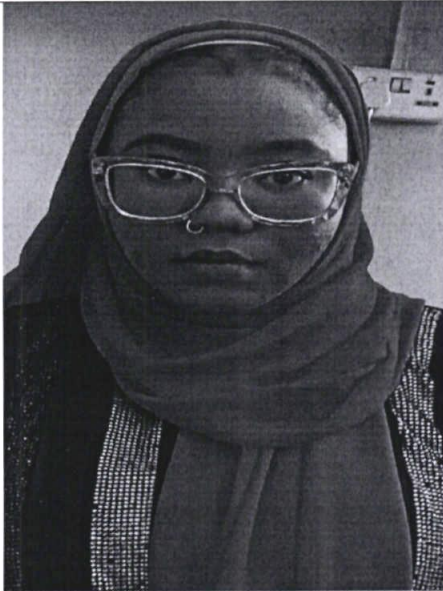
**Note:** The facility has no Board.



#### 4. Key Management Team

| Ref | Management                                                                                                                                                                                                  | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  |  <p>Dr Rehana Khan<br/>           (Bachelor of Medicine and Bachelor of Surgery)<br/>           Medical Superintendent</p> | <p>Key Responsibilities</p> <ol style="list-style-type: none"> <li>1. Budgeting and Financial planning</li> <li>2. Cost control and revenue management</li> <li>3. Financial Reporting</li> <li>4. Human resource and payroll oversight</li> <li>5. Procurement and resource allocation</li> </ol> <p>Financial growth and partnerships</p>                                                                                                                                                                                          |
| 2.  |  <p>Mrs. Hafidha Hamisa<br/>           (Diploma in Business Management)<br/>           Health Administrative Officer</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> </ol> <p>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,</p> |

|    |                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. |  <p>Matron Monica Munyendo<br/>Nursing Officer In Charge<br/>(Masters in Advanced Practice<br/>Midwifery)</p> | <p>Responsibilities</p> <ol style="list-style-type: none"> <li>1. Ensure proper documentation of service for accurate patient billing (NHIF, Cash and waivers)</li> <li>2. Patient education on available financial options eg NHIF, Linda Mama, Cash</li> </ol> <p>Prepare financial reports related to nursing budgets and resource utilization</p>                                                                                                                                                         |
| 4. |  <p>Mr David Kitavi<br/>Hospital Accountant<br/>Bachelor of Commerce</p>                                    | <p>Responsibilities:</p> <ol style="list-style-type: none"> <li>1. General Ledger &amp; Financial Reporting</li> <li>2. Accounts Payable &amp; Receivable (Revenue Cycle)</li> <li>3. Budgeting, Forecasting &amp; Variance Analysis</li> <li>4. Cost Control &amp; Inventory Management</li> <li>5. Bank &amp; Cash Reconciliation</li> <li>6. Internal Controls, Compliance &amp; Auditing</li> <li>7. Payroll &amp; Statutory Obligations</li> <li>8. Financial Analysis &amp; Decision Support</li> </ol> |

|    |                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. |  <p>Mrs. Maua Shabaan<br/> Procurement Officer<br/> Bachelor of Supply Chain Management</p> | <p>Responsibilities:</p> <ol style="list-style-type: none"> <li>1. Procurement Planning &amp; Sourcing</li> <li>2. Supplier Identification &amp; Prequalification</li> <li>3. Request for Quotations/Tenders &amp; Evaluation</li> <li>4. Contract Negotiation &amp; Management</li> <li>5. Purchase Order Processing &amp; Follow-up</li> <li>6. Receiving &amp; Inspection Coordination</li> <li>7. Inventory &amp; Stock Level Monitoring</li> <li>8. Compliance with Procurement Laws &amp; Policies</li> <li>9. Documentation &amp; Record Keeping</li> <li>10. Reporting &amp; Supplier Performance Evaluation</li> </ol> |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**5. Chairman’s Statement**

**Note:** The facility has no board

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**Name**

**Chairman to the Board**



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

This report provides an overview of the financial status at Likoni Hospital for the financial year 2024-2025 and the work burden of the facility based on data from the Kenya Health Information System (KHIS). It highlights key service delivery, providing insight into the hospital's operational capacity and challenges.

In the financial year 2024-2025 there was an increase in the revenue collected compared to the previous financial year 2023-2024. This is despite interruptions of services in some department due to HR related gaps at some point forcing the facility to engage staff to ensure continuity of services. The facility introduced some new services and also invested in training of staff to improve range of services that contributed to improvement in quality of care and by extension the facility revenue.

The facility adhered to the National switch from NHIF to SHA, with some reimbursements of NHIF still pending. The transition was initially very difficult with constant changes in the SHA requirements affecting the claim process.

The facility is also the first level 4 hospital to be onboarded on Taifa Care system-Tiberbu in Mombasa County, from the month of April 2025. This system had its own challenges as claims made during the month of April could not be seen to reflect on the SHA provider Portal. However with time as the system developers upgraded the system much improvement on the SHA claims was noted.

Operating against expenditure compared below. Key revenue contributions included pharmacy, laboratory and radiology. The figures for 23-24 below include the in kind contributions by CGM

|                     | <b>2023-2024</b> | <b>2024-2025</b> |
|---------------------|------------------|------------------|
| <b>Revenue</b>      | 192,435,364      | 77,241,470       |
| <b>Expenditures</b> | 180,553,457      | 76,886,862       |

The outpatient department experienced a significant patient workload, Communicable diseases such as diarrhoea and respiratory infections remained a significant concern, The facility also noted



outbreaks in MPOX cases and the dengue/chikungunya virus. For MPOX specifically the need for an isolation ward was noted as it was posing a great challenge in the limited space we have. Non-communicable diseases like hypertension and diabetes were also contributing to the workload after the re-introduction of Medical Outpatient Clinics (MOPC) when the facility received a new physician. The hospital attended to a substantial number of emergency cases, with accident and trauma cases being predominant. There was also a surge in Gender Based Violence (GBV) related cases in the Likoni subcounty, these services are offered for free at the facility. Specialist services such as Pharmacy, laboratory tests and special clinics were in high demand, requiring increased resource allocation. The facility increased its lab menu through obtaining an immunohistochemistry machine on placement. Radiological services were also in demand however the breakdown of the X Ray machine, and the very high cost of repair resulted in stoppage of these services as we continued to offer ultrasound only, this had an impact on the facility revenue.

The inpatient admissions also showed a steady trend with the maternity unit handling a high number of deliveries, and caesarean sections contributing to significant percentage of the total births, this could be attributed to high number of referrals from lower-level facilities nearby.

It was also during this period that the Governor of Mombasa reintroduced the Mombasa care program, where the level 4 facilities received money to pay SHA premiums for the indigents. This ensured accessibility and equity in healthcare services for all.

The National Government through the Ministry of Health established the National Equipment Services Program (NESP) with the aim of providing advance medical equipment to public health facilities using a Fee For Service (FFS) modality, the hospital submitted its requisition on key equipment it requires based on needs.

The hospital faced challenges in staffing levels, which affected service delivery efficiency. There was an increased demand for more medical personnel and support staff to manage the workload. High number of referral due to infrastructural challenges and resource limitation

The challenges experienced during the reporting period included:

1. Lack of proper infrastructure to meet the growing range of services offered

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2. Outdated/breakdown of equipment with high cost of maintenance
3. Erratic consumption of stocks can cause stock outs or expiry
4. Inadequate human resource with a high attrition rate leading to interruption of services
5. Political involvement
6. Transition onto Taifa Care system. This system was not ready for a level 4 hospital and a lot of time was spent to integrate services into the system leading to disruption of services, patient delays and dissatisfaction and initial drop in patient workload

  
.....  
Name   
Secretary to the Board





|                                                            |                                                      |                                                                                                                                               |                                                                        |                                                                                                     |
|------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                                                            |                                                      | <p>treated for diarrhea</p> <p>3.Children under one year of age fully immunized</p> <p>Children under 1 year received LLITNs</p>              |                                                                        | <p>managed for diarrhoea</p> <p>1451 Children under one year of age fully immunized</p> <p>1413</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>Screening for NCDs</p> <p>Early detection and treatment of NCDs</p> | <p>3306 clients have BMI of more than 25</p> <p><b>1356</b></p>                                     |
| Reduce the burden of violence and injuries                 |                                                      | Number of new outpatient cases attributed to road traffic accidents                                                                           |                                                                        | <b>184</b>                                                                                          |
| Provide essential health care                              |                                                      | 1.No. of pregnant women                                                                                                                       |                                                                        | <b>1500</b>                                                                                         |



|                                                      |                                                                                                                 |                                                                              |  |                 |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--|-----------------|
|                                                      |                                                                                                                 | attending at least four ANC visits                                           |  | <b>7982</b>     |
|                                                      |                                                                                                                 | 2.Number of WRA receiving family planning commodity                          |  | <b>8051</b>     |
|                                                      |                                                                                                                 | 3. Number of clients tested for HIV                                          |  |                 |
|                                                      |                                                                                                                 | 4. Number of deliveries conducted by skilled attendants in health facilities |  | <b>1567</b>     |
| Minimize exposure to health risk factors             | To strengthen health promotion interventions and facilitate the use of services that lead to healthy lifestyles | The facility does daily health talks at all service delivery points          |  | <b>everyday</b> |
| Strengthen collaboration with health-related sectors | To build & strengthen partnerships with the public                                                              | Number of children under five years of age attending child                   |  | <b>1635</b>     |

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|  |                                                                         |                                                                                                                                                             |  |            |
|--|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|
|  | and private<br>sectors to<br>address<br>priority health<br>system needs | welfare clinics<br>who are under<br>weight<br><br>Number of<br>children under<br>five years of age<br>attending child<br>welfare clinics<br>who are stunted |  | <b>181</b> |
|--|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|

To effectively tie the Annual Work Plan (AWP) achievements to the Performance Contracts (PCs) of staff there is need to align hospital-wide objectives with individual and departmental performance targets.

#### Align AWP Objectives with Staff Performance Contracts

Each hospital staff member's Performance Contract (PC) should be linked to the overall Annual Work Plan (AWP) to ensure that individual efforts contribute to institutional goals. This can be done by directly linking Annual Work Plan (AWP) achievements to staff Performance Contracts (PCs), Likoni Subcounty Hospital can improve accountability, enhance service delivery, and achieve institutional goals efficiently. Performance evaluation should be structured, data-driven, and aligned with national healthcare priorities to ensure sustainable improvements in staff output and patient care.

## **8. Corporate Governance Statement**

The facility has no Board.

### **i. Roles and functions of the board**

- (a) providing oversight to the hospital management team to improve the health status of the community
- (b) providing necessary checks and balances for the use of all resources available to the hospital
- (c) making decisions that will improve the hospital, ensure continuity while keeping in line with county government policies
- (d) projecting the expected annual user fees income, and any other expected income
- (e) overseeing the prudent utilization and reporting of all resources under their responsibility (f) preparing work plans and budgets

## **9. Management Discussion and Analysis**

In this financial year there was initially a steady improvement in the revenue collected however with the introduction of SHA the facility faced some challenges as SHA was constantly changing. Likoni Subcounty Hospital was also the pilot facility to adopt the TIBERBU system, the new HMIS system. This transition initially really affected the facility in form of reduced patients as inadequate devices were brought and the staff and patients were still getting used to the system, the system also was not linked to SHA and this led in a loss of claims made in the period of February. As the developer updated the system as per the needs of the facility improvements were progressively seen.

The range of services improved after acquisition of immunohistochemistry machine for lab on placement increasing menu of lab services, contributing to enhanced revenue. The increase is also due to re-introduction of MOPC special clinic. Key revenue contributions included pharmacy, laboratory and radiology.

The facility has plans to construct a new maternity wing sponsored by a partner. The facility will then see to renovate the current maternity block into general wards. With the introduction of many new specialities there is need to create room to offer these services.

The planning and budgeting at the facility is a function of the Hospital Management Team guided by the EEC, this is forwarded to the Chief officer Clinical services for approval before implementation. The management of the hospital is divided into 7 major building blocks:

### **1. Leadership and Governance**

The hospitals activities are managed through a Hospital Management Team comprising of administrators and heads of departments, a team of 23 members. The team is responsible for policy implementation, strategic planning and decision making, resource management, accountability and transparency and stakeholder engagement.



2. Service Delivery

The services are broadly divided into: Preventive, Curative, Rehabilitative and special Programs  
The Hospital runs 24/7 providing these essential services.

3. Health Workforce

The hospital workforce is made up of staff employed by the county and those employed by the facility to cover critical gaps ensuring a well-rounded workforce to meet patient needs. The facility strives to provide a healthy work environment and update staff on current practices through regular CMEs planned at facility level, supported by department or partners.

4. Revenue

Likoni Subcounty Hospital generates revenue through the following means:

Government Funding: Allocations from the national and county governments for operational and development costs, this usually comes in form of salaries for County employed staff, paid bills, under 5 reimbursements (this is a program unique to Mombasa County where the facility provides free under 5 services and the money is reimbursed by the County Government) and introduction of Mombasa Care

User Fees & Service Charges: Payments from patients for outpatient consultations, laboratory tests, imaging services, and specialized treatments. The facility charges as based on the Finance Bill. The payments are made through the hospital paybill number directly linked to the hospital account.

National Health Insurance Fund (NHIF)/SHA Reimbursements: Funds received from NHIF for insured patients under the Universal Health Coverage (UHC) program. These payments are usually not consistent and require a lot of follow up. A large sum is owed to NHIF which if reimbursed will enable cover great stride to develop the facility

Donor & Development Partner Support: Grants and funding from international organizations, NGOs, and private sector partnerships. KEMRI partnered with the facility to do research study

title: 'characterize key B cell determinants of mild and severe DENGUE infections in MRD A Kenya to inform vaccine design' Through this partnership the facility received lab equipment's and offering free dengue tests to patients fitting the criteria.

Public-Private Partnerships (PPPs): Collaborations with private entities to enhance healthcare service delivery and infrastructure. With the introduction of MOPC the facility currently partners with Kwale eye clinic as it lacks an ophthalmologist to screen the diabetic and hypertensive patients for any eye disease resulting as a complication of these diseases. This helps manage these patients comprehensively.

#### 5. Health Information System

All the facility data is recorded in the registers and summary tools are uploaded into the KHIS every month. The the Kenya Electronic Medical Records (EMR) system is currently being used only in CCC. The facility also uses a system called Duromed to handle billing and receipting. The facility is first level 4 hospital to start using Taifa Care System, this system is still a work in progress and will later be intergrated with other services like billing and CCC

A well-functioning Health Information System (HIS) is essential for efficient healthcare delivery in public hospitals. It facilitates accurate data collection, storage, analysis, and reporting, which supports decision-making, resource allocation, and overall hospital management. This statement highlights the importance, challenges, and recommendations for strengthening HIS in public hospitals.

#### 6. Health Products and Technology (HPT)

The hospital strives to maintain a consistent supply of essential medicines, diagnostic kits, vaccines, and medical consumables. Despite these efforts, occasional stock-outs occur due to erratic consumption, supply chain challenges and budget constraints.

The hospital is equipped with basic diagnostic and treatment technologies, including: Radiology Services, Laboratory Services, Theatre Equipment, Emergency Equipment

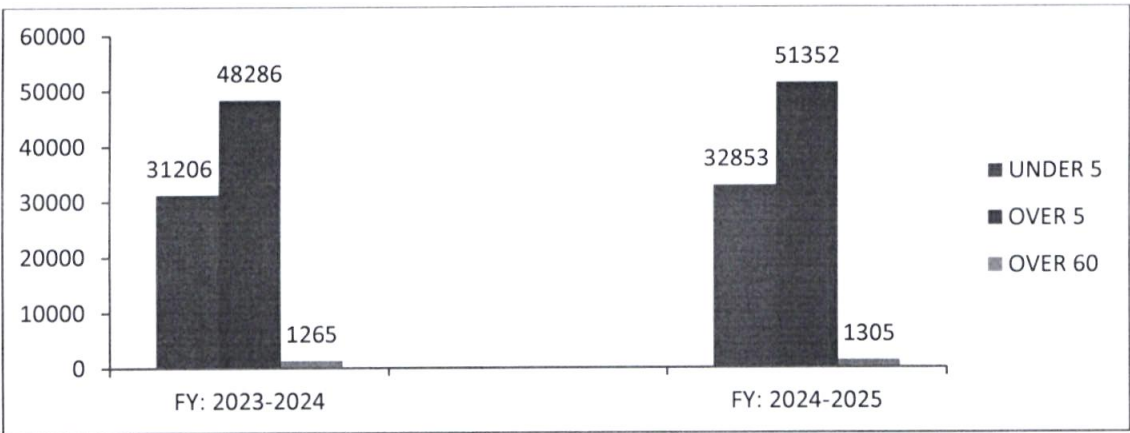
Health products and technology are critical to the effective functioning of Likoni Sub-County Hospital. While the facility continues to provide essential healthcare services, challenges in supply chain management, equipment maintenance, and technological advancements need to be addressed. Strengthening these areas will enhance service delivery and improve patient outcomes.

7. Infrastructure: the infrastructure is key for service delivery; the facility was upgraded from a health centre to a level 4 with minimal infrastructural changes. The menu of the service delivery has expanded however the rooms available to offer these services remain same resulting in sharing of room to offer services and services not available every day. For example, the MOPC run in the same room as the SOPC and the GOPC, this has resulted in these special clinics being offered only once a week to give room the other departments the other day.

Projects taken up include repairs of leaking roof in OPD and preparation on land for upcoming maternity block by partner

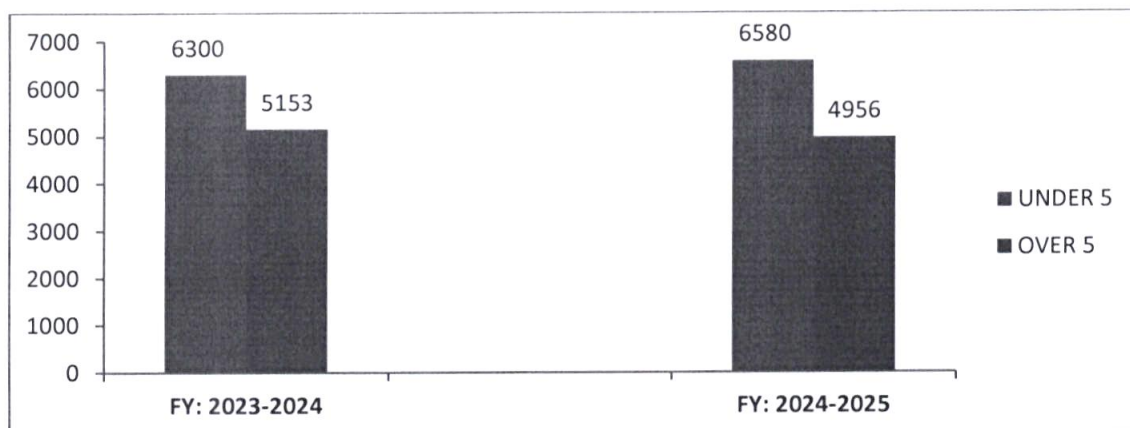
**Clinical/operational performance**

- Bed capacity of the hospital: 24
- Overall patient attendance during the year for both inpatient and outpatient.

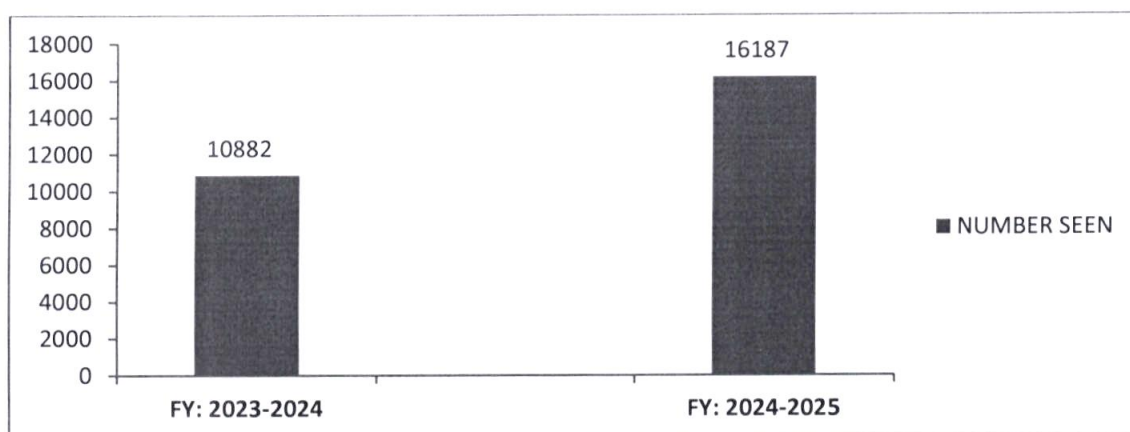


- Accident and Emergency attendance

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○ Specialised clinic attendance



○ Average length of stay for in patient.

| WARD      | Percentage Bed Occupancy |           |
|-----------|--------------------------|-----------|
|           | 2023-2024                | 2024-2025 |
| MATERNITY | 2                        | 3         |
| GYNAE     | 2                        | 2         |
| SURGICAL  | 2                        | 2         |





○ Revenue sources:

Likoni 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 & Service Charges: Payments from patients for outpatient consultations, laboratory tests, imaging services, and specialized treatments.
3. NHIF/SHA Reimbursements: Funds received from NHIF for insured patients under the Universal Health Coverage (UHC) program.
4. Donor & Development Partner Support: Grants and funding from international organizations, NGOs, and private sector partnerships.
5. Public-Private Partnerships (PPPs): Collaborations with private entities to enhance healthcare service delivery and infrastructure.

○ Utilisation of funds

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

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

Likoni Subcounty Hospital is committed to environmental sustainability and responsible resource management. The facility makes efforts to minimize our ecological footprint, manage medical waste effectively, and contribute to a healthier environment for our community.

### **1. Proper waste management, our key initiatives include:**

**Medical Waste Segregation:** Use of color-coded bins to separate infectious, non-infectious, pharmaceutical, and hazardous waste. Sharp boxes for sharps. The staff are regularly assessed and trained on the waste management protocols.

**Safe Disposal:** the facility has an incinerator and has staff well and regularly trained on operating the incinerator

### **2. Water and Energy Conservation**

To reduce resource consumption, we have implemented:

**Water Conservation Measures:** Regular maintenance of pipes to prevent leaks, installation of low-flow taps, and rainwater harvesting where feasible. The hospital also has a borehole to supplement the controlled fresh water supply to the facility, restricting fresh water use to key areas like kitchen and theatre.

**Energy Efficiency Strategies:** Adoption of solar power for lighting, use of LED bulbs, and sensitization programs for staff to reduce energy wastage.

### **3. Green Initiatives and Biodiversity Conservation**

**Hospital Gardens:** Development of green spaces to improve air quality and provide a healing environment.

### **4. Compliance and Monitoring**

Adherence to the National Environmental Management Authority (NEMA) regulations.

Training programs for staff on environmental best practices.

### **5. Community Engagement and Awareness**



Public Health Campaigns: Awareness programs on proper waste disposal and environmental health are regularly done through CHPS and representation from facility (either PHO or Nurse)

Likoni Subcounty Hospital remains committed to sustainable healthcare practices. Through continuous improvement, collaboration, and adherence to environmental policies, we aim to create a greener and healthier future for our patients and community.

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

Safety of the environment at Likoni 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

#### **ii) Employee welfare**

Likoni 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.



**iii) 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

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

The facility has no board, a proposed list of members was sent through the department for onward forwarding.

### **Auditors**

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

By Order of the Board

  
.....  
Name 3/12/25  
Secretary to the Board



## **12. Statement of Board of Management's Responsibilities (The facility has no Board)**

Section 164 of the Public Finance Management Act, 2012 and The Mombasa County Health Bill 2017 requires the Board of Management to prepare financial statements in respect of Likoni Subcounty Hospital, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of Likoni Subcounty Hospital for that year/period. The Board of Management is also required to ensure that Likoni Subcounty Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of Likoni Subcounty Hospital. The council members are also responsible for safeguarding the assets of Likoni Subcounty Hospital.

The Board of Management is responsible for the preparation and presentation of Likoni Subcounty Hospital financial statements, which give a true and fair view of the state of affairs of Likoni Subcounty Hospital for and as at the end of the financial year 2024-2025 ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

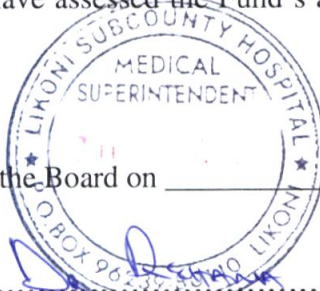
The Board of Management accepts responsibility for Likoni Subcounty Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Mombasa County Health Bill 2017. The Board members are of the opinion that the Likoni Subcounty Hospital financial statements give a true and fair view of the state of Likoni Subcounty Hospital transactions during the financial year ended June 30, 2025, and of the Likoni Subcounty Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Likoni Subcounty Hospital, which have been relied upon in the preparation of the Likoni Subcounty Hospital financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern if SHA/NHIF reimbursements delay.

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

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

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

  
.....  
**Name:** 3/12/25  
**Accounting Officer**



# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON LIKONI SUB - COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – 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 Likoni Sub - County Level 4 Hospital – Mombasa County Government set out on pages 1 to 64, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement



of comparison of budget and actual amounts for the year then ended and a summary of significant accounting 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 Likoni Sub - County Level 4 Hospital – Mombasa County Government as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2022 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccurate Opening Balances**

Review of the financial records reflects variances between the opening balances for the financial statements and the closing balances for prior year audited amounts as tabulated below:

| <b>Item</b>                                    | <b>Balance as per Financial Statements (Kshs)</b> | <b>Prior Year Audited Financial Statements (Kshs)</b> | <b>Variance (Kshs)</b> |
|------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|------------------------|
| <b>Revenue</b>                                 |                                                   |                                                       |                        |
| Transfers from the County Government           | 6,369,668                                         | 3,100,000                                             | 3,269,668              |
| Transfers from other Government Entities       | 16,466,943                                        | 13,926,423                                            | 2,540,520              |
| Rendering of Services – Medical Service Income | 25,877,019                                        | 25,990,939                                            | -113,920               |
| <b>Expenses</b>                                |                                                   |                                                       |                        |
| Medical/clinical Costs                         | 20,968,580                                        | 13,484,174                                            | 7,484,406              |
| Employee Costs                                 | 152,124,711                                       | 149,417,102                                           | 2,707,609              |
| Depreciation and Amortization Expense          | 1,441,647                                         | 3,871,163                                             | -2,429,516             |
| Repairs and Maintenance                        | 1,235,904                                         | 1,525,678                                             | -289,774               |
| General Expenses                               | 7,722,540                                         | 13,389,080                                            | -5,666,540             |
| Medical Services Contracts Gains/Losses        | 0                                                 | 14,126,303                                            | -14,126,303            |
| <b>Statement of Financial Position</b>         |                                                   |                                                       |                        |
| Cash and Cash Equivalents                      | 16,795,742                                        | 13,334,171                                            | 3,461,571              |
| Property, Plant and Equipment                  | 61,987,756                                        | 76,158,419                                            | -14,170,663            |
| Trade and other payables                       | 12,046,154                                        | 23,005,658                                            | -10,959,504            |



| Item                                           | Balance as per Financial Statements (Kshs) | Prior Year Audited Financial Statements (Kshs) | Variance (Kshs) |
|------------------------------------------------|--------------------------------------------|------------------------------------------------|-----------------|
| <b>Statement of Cash Flows</b>                 |                                            |                                                |                 |
| Transfers from other Government entities       | 16,466,943                                 | 13,926,423                                     | 2,540,520       |
| Rendering of Services – Medical Service Income | 25,877,019                                 | 25,990,839                                     | -113,820        |
| Medical / Clinical Costs                       | 20,968,580                                 | 13,484,174                                     | 7,484,406       |
| Employee Costs                                 | 12,157,333                                 | 9,449,724                                      | 2,707,609       |
| Repairs and Maintenance                        | 1,235,904                                  | 1,525,678                                      | -289,774        |
| General Expenses                               | 7,722,540                                  | 13,389,080                                     | -5,666,540      |

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

## **2. Inaccurate Reconciliation of Cash Generated from Operations**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.19,209,361 which includes net cash flows from operating activities of Kshs.2,848,181. However, recalculation of working capital adjustments in Note 43 on cash generated from operations reconciliation shows an amount of Kshs.1,784,242 which differs with the reported amount of Kshs.(20,857,343) resulting in a variance of Kshs.22,641,585 was not explained.

In the circumstances, the accuracy and completeness of net cash flows from operating activities of Kshs.2,848,181 could not be confirmed.

## **3. Inaccurate Statement of Changes in Net Assets**

The statement of changes in net assets reflects capital fund and total net assets of Kshs.81,466,486 and Kshs.83,405,302 but recalculated totals show Kshs.73,325,817 and Kshs.75,264,634 respectively resulting in a variance of Kshs.8,140,669 for both, which was not explained or reconciled.

In the circumstances, the accuracy of net assets balance of Kshs.83,405,302 reported in the statement of changes in net assets could not be confirmed.

## **4. Inaccurate Grants and Subsidies Expenditure**

The statement of financial performance and Note 20 to the financial statements reflects Nil expense in respect of grants and subsidies. Review of records provided for audit revealed that the Hospital waived bills totaling to Kshs.183,030. However, the amount was not expensed in the financial statements and no evidence was provided for audit indicating that there were requests for waivers and that relevant prior approvals were obtained.

In the circumstances, the accuracy and completeness of grants and subsidies Nil expenditure could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.83,126,076 and Kshs.78,347,319 respectively, resulting in receipts shortfall of Kshs.4,778,757 or 6%. Similarly, Management spent Kshs.59,137,958 against actual receipts of Kshs.78,347,319 resulting in underutilization of Kshs.19,209,361 or 25% of actual receipts.

The underutilization and under absorption affected the planned activities and may have impacted negatively on service delivery to the public by the Hospital.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I



conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Essential Equipment and Machines

Review of Hospital Health Policy guidelines against actual status revealed that the Hospital did not have the necessary equipment and machines as required under Section 44(1) of the Primary Health Care Act, 2023.

| Service                                 | Level 4 Hospital Standard Requirements | Actuals in the hospital | Variance | Variance in Percentage (%) |
|-----------------------------------------|----------------------------------------|-------------------------|----------|----------------------------|
| Beds                                    | 150                                    | 24                      | 126      | 84                         |
| Newborn Unit Incubators                 | 5                                      | 0                       | 5        | 100                        |
| Newborn Unit Cots                       | 5                                      | 0                       | 5        | 100                        |
| Functional ICU Beds                     | 6                                      | 0                       | 6        | 100                        |
| High Dependency Unit (HDU)              | 6                                      | 0                       | 6        | 100                        |
| Renal Unit at least 5 Dialysis Machines | 5                                      | 0                       | 5        | 100                        |

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

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

Review of hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health policy guidelines due to staff deficits by sixty-four (64) staff requirements or 63.4 % of the authorized establishments as shown below:



| <b>Staff Requirements</b>                | <b>Level 4 Standard</b> | <b>Number in Hospital</b> | <b>Variance</b> | <b>Variance in Percentage %</b> |
|------------------------------------------|-------------------------|---------------------------|-----------------|---------------------------------|
| Medical Officers                         | 16                      | 6                         | 10              | 62.5                            |
| Anesthesiologists                        | 2                       | 0                         | 2               | 100                             |
| General Surgeons                         | 2                       | 2                         | 0               | 0                               |
| Gynecologist                             | 2                       | 2                         | 0               | 0                               |
| Pediatrics                               | 2                       | 1                         | 1               | 50                              |
| Radiologists                             | 2                       | 0                         | 2               | 100                             |
| Kenya Registered Community Health Nurses | 75                      | 26                        | 49              | 65.3                            |
| <b>Total</b>                             | <b>101</b>              | <b>37</b>                 | <b>64</b>       |                                 |

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

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

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

### Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

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

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



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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 December, 2025



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

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

| Description                                       | Note | FY 2024-2025       | 2023/2024          |
|---------------------------------------------------|------|--------------------|--------------------|
|                                                   |      | Kshs               | Kshs               |
| <b>Revenue from non-exchange transactions</b>     |      |                    |                    |
| Transfers from the County Government              | 6    | 14,619,266         | 6,369,668          |
| In- kind contributions from the County Government | 7    | 214,741,400        | 139,967,378        |
| Grants from donors and development partners       | 8    | -                  |                    |
| Transfers from other Government entities          | 9    | 29,744,850         | 16,466,943         |
| Public contributions and donations                | 10   | 295,585            |                    |
|                                                   |      | <b>259,401,101</b> | <b>162,803,989</b> |
| <b>Revenue from exchange transactions</b>         |      |                    |                    |
| Rendering of services- Medical Service Income     | 11   | 32,581,769         | 25,877,019         |
| Revenue from rent of facilities                   | 12   | -                  |                    |
| Finance /Interest Income                          | 13   | -                  |                    |
| Miscellaneous Income                              | 14   | -                  |                    |
| <b>Revenue from exchange transactions</b>         |      | <b>32,581,769</b>  | <b>25,877,019</b>  |
| <b>Total revenue</b>                              |      | <b>291,982,870</b> | <b>188,681,008</b> |
|                                                   |      |                    |                    |
| <b>Expenses</b>                                   |      |                    |                    |
| Medical/Clinical costs                            | 15   | 43,629,241         | 20,968,580         |
| Employee costs                                    | 16   | 226,791,429        | 152,124,711        |
| Board of Management Expenses                      | 17   | -                  |                    |
| Depreciation and amortization expense             | 18   | 1,429,634          | 1,441,647          |
| Repairs and maintenance                           | 19   | 6,247,913          | 1,235,904          |
| Grants and subsidies                              | 20   | -                  |                    |
| General expenses                                  | 21   | 13,530,045         | 7,722,540          |
| Finance costs                                     | 22   | -                  |                    |
| <b>Total expenses</b>                             |      | <b>291,628,262</b> | <b>183,493,382</b> |
| <b>Other gains/(losses)</b>                       |      |                    |                    |
| Gain/Loss on disposal of non-Current assets       | 23   | -                  |                    |
| Unrealized gain on fair value of investments      | 24   | -                  |                    |
| Medical services contracts Gains/Losses           | 25   | -                  |                    |
| Impairment loss                                   | 26   | -                  |                    |
| Gain on foreign exchange transactions             |      |                    |                    |
| <b>Total other gains/(losses)</b>                 |      | <b>-</b>           |                    |
| <b>Net Surplus / (Deficit) for the year</b>       |      | <b>354,608</b>     | <b>5,187,626</b>   |

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

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

---

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

.....  
**Chairman**

**Board of Management**

DAVID M. ....  
**Head of Finance**

**ICPAK No:**

.....  
**Medical Superintendent**



*Comparative FY refers to the financial year preceding the current year.*

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

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

| Description                                   | Note | FY 2024-2025       | FY 2023/2024      |
|-----------------------------------------------|------|--------------------|-------------------|
|                                               |      | Kshs               | Kshs              |
| <b>Assets</b>                                 |      |                    |                   |
| <b>Current assets</b>                         |      |                    |                   |
| Cash and cash equivalents                     | 27   | 19,209,361         | 16,795,742        |
| Prepayments                                   | 28   | -                  |                   |
| Receivables from exchange transactions        | 29   | 15,689,893         | 5,832,020         |
| Receivables from non-exchange transactions    | 30   | -                  |                   |
| Inventories                                   | 31   | 3,624,158          | 2,340,662         |
| <b>Total Current Assets</b>                   |      | <b>38,523,412</b>  | <b>24,968,424</b> |
|                                               |      |                    |                   |
| <b>Non-current assets</b>                     |      |                    |                   |
| Property, plant, and equipment                | 32   | 61,493,823         | 61,987,756        |
| Intangible assets                             | 33   | -                  |                   |
| Investment property                           | 34   | -                  |                   |
| Biological Assets                             | 35   | -                  |                   |
| <b>Total Non-current Assets</b>               |      | <b>61,493,823</b>  | <b>61,987,756</b> |
|                                               |      |                    |                   |
| <b>Total assets (A)</b>                       |      | <b>100,017,235</b> | <b>86,956,180</b> |
|                                               |      |                    |                   |
| <b>Liabilities</b>                            |      |                    |                   |
| <b>Current liabilities</b>                    |      |                    |                   |
| Trade and other payables                      | 36   | 16,611,933         | 12,046,154        |
| Refundable deposits from Patients/Prepayments | 37   | -                  |                   |
| Provisions                                    | 38   | -                  |                   |
| Finance lease obligation                      | 39   | -                  |                   |
| Current portion of deferred income            | 40   | -                  |                   |
| Current portion of borrowings                 | 41   | -                  |                   |
| <b>Total Current Liabilities</b>              |      | <b>16,611,933</b>  | <b>12,046,154</b> |
|                                               |      |                    |                   |



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|                                               |           |                   |                   |
|-----------------------------------------------|-----------|-------------------|-------------------|
| <b>Non-current liabilities</b>                |           |                   |                   |
| <b>Provisions</b>                             | <b>38</b> | <b>-</b>          |                   |
| <b>Non-Current Finance lease obligation</b>   | <b>39</b> | <b>-</b>          |                   |
| <b>Non-Current portion of deferred income</b> | <b>40</b> | <b>-</b>          |                   |
| <b>Non - Current portion of borrowings</b>    | <b>41</b> | <b>-</b>          |                   |
| <b>Service concession Arrangements</b>        | <b>42</b> | <b>-</b>          |                   |
| <b>Total non-current liabilities</b>          |           | <b>-</b>          | <b>-</b>          |
|                                               |           |                   |                   |
| <b>Total Liabilities (B)</b>                  |           | <b>16,611,933</b> | <b>12,046,154</b> |
|                                               |           |                   |                   |
| <b>Net assets (A-B)</b>                       |           | <b>83,405,302</b> | <b>74,910,026</b> |
|                                               |           |                   |                   |
| <b>Represented by:</b>                        |           |                   |                   |
| <b>Revaluation reserve</b>                    |           |                   |                   |
| <b>Accumulated surplus/Deficit</b>            |           | <b>1,938,817</b>  | <b>1,584,209</b>  |
| <b>Capital Fund</b>                           |           | <b>81,466,486</b> | <b>73,325,817</b> |
|                                               |           |                   |                   |
| <b>Net Assets</b>                             |           | <b>83,405,302</b> | <b>74,910,026</b> |

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

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

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

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

*Dr. M. K.*  
**Medical Superintendent**



*Comparative FY refers to the financial year preceding the current year.*

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

| Description                        | Revaluation<br>n reserve | Accumulate<br>d<br>surplus/Defi<br>cit | Capital    | Total      |
|------------------------------------|--------------------------|----------------------------------------|------------|------------|
|                                    |                          |                                        | Fund       |            |
| As at July 1, 2023 (previous year) |                          | 1,584,209                              | 73,325,817 | 74,910,026 |
| Revaluation gain                   |                          |                                        |            |            |
| Surplus/(deficit) for the year     |                          |                                        |            |            |
| Capital/Development grants         |                          |                                        |            |            |
| At June 30, 2024 (previous year)   |                          | 1,584,209                              | 73,325,817 | 74,910,026 |
|                                    |                          |                                        |            |            |
| At July 1, 2024 (current year)     |                          | 1,584,209                              | 73,325,817 | 74,910,026 |
| Revaluation gain                   |                          |                                        |            |            |
| Surplus/(deficit) for the year     |                          | 354,608                                |            |            |
| Capital/Development grants         |                          |                                        |            |            |
| At June 30, 2025 (current year)    |                          | 1,938,817                              | 81,466,486 | 83,405,302 |

(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.)

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

| Description                                     | Note | FY 2024-2025      | FY2023-2024       |
|-------------------------------------------------|------|-------------------|-------------------|
|                                                 |      | Kshs              | Kshs              |
| <b>Cash flows from operating activities</b>     |      |                   |                   |
| <b>Receipts</b>                                 |      |                   |                   |
| Transfers from the County Government            |      | 11,783,079        | 6,369,668         |
| Grants from donors and development partners     |      |                   |                   |
| Transfers from other Government entities        |      | 16,891,144        | 16,466,943        |
| Public contributions and donations              |      | 295,585           |                   |
| Rendering of services- Medical Service Income   |      | 32,581,769        | 25,877,019        |
| Revenue from rent of facilities                 |      | -                 |                   |
| Finance / interest income                       |      | -                 |                   |
| Miscellaneous receipts( <i>specify</i> )        |      | -                 |                   |
| <b>Total Receipts</b>                           |      | <b>61,551,577</b> | <b>48,713,630</b> |
|                                                 |      |                   |                   |
| <b>Payments</b>                                 |      |                   |                   |
| Medical/Clinical costs                          |      | 28,813,943        | 20,968,580        |
| Employee costs                                  |      | 11,406,990        | 12,157,333        |
| Board of Management Expenses                    |      |                   |                   |
| Repairs and maintenance                         |      | 5,416,948         | 1,235,904         |
| General expenses                                |      | 13,065,515        | 7,722,540         |
| Finance costs                                   |      | -                 |                   |
| Refunds paid out                                |      | -                 |                   |
| <b>Total Payments</b>                           |      | <b>58,703,396</b> | <b>42,084,357</b> |
| <b>Net cash flows from operating activities</b> | 43   | <b>2,848,181</b>  | <b>6,629,273</b>  |
| <b>Cash flows from investing activities</b>     |      |                   |                   |
| Purchase of property, plant, equipment          |      | (434,562)         |                   |
| Purchase of intangible assets                   |      |                   |                   |
| Proceeds from the sale of PPE                   |      |                   |                   |
| Acquisition of investments                      |      |                   |                   |



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|                                                             |           |                   |                   |
|-------------------------------------------------------------|-----------|-------------------|-------------------|
| <b>Net cash flows used in investing activities</b>          |           |                   |                   |
| <b>Cash flows from financing activities</b>                 |           |                   |                   |
| Proceeds from borrowings                                    |           | -                 |                   |
| Repayment of borrowings                                     |           | -                 |                   |
| Capital grants received                                     |           | -                 |                   |
| <b>Net cash flows used in financing activities</b>          |           |                   |                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>2,413,619</b>  | <b>6,629,273</b>  |
| Cash and cash equivalents as at 1 July 2024                 | 27        | 16,795,742        | 10,166,469        |
| <b>Cash and cash equivalents as at 30 June 25</b>           | <b>27</b> | <b>19,209,361</b> | <b>16,795,742</b> |

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

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

| Description                                   | Original budget   | Adjustments | Final budget      | Actual on comparable basis | Performance difference | % of utilisation |
|-----------------------------------------------|-------------------|-------------|-------------------|----------------------------|------------------------|------------------|
|                                               | a                 | b           | c=(a+b)           | D                          | e=(c-d)                | f=d/c%           |
|                                               | Kshs              | Kshs        | Kshs              | Kshs                       | Kshs                   |                  |
| Budget carryovers from the previous year      | 16,795,742        | 0           | 16,795,742        | 16,795,742                 | 0                      | 100              |
| <b>Receipts</b>                               |                   |             |                   |                            |                        |                  |
| Transfers from the County Government          | 12,947,680        |             | 12,947,680        | 11,783,079                 | 1,164,601              | 91.01            |
| Grants from donors and development partners   |                   |             | 0                 | 0                          | 0                      |                  |
| Transfers from other Government entities      | 18,096,398        |             | 18,096,398        | 16,891,144                 | 1,205,254              | 93.34            |
| Public contributions and donations            | 300,000           |             | 300,000           | 295,585                    | 4,415                  |                  |
| Rendering of services- Medical Service Income | 34,986,256        |             | 34,986,256        | 32,581,769                 | 2,404,487              | 93.13            |
| Revenue from rent of facilities               |                   |             | 0                 | 0                          | 0                      |                  |
| Finance / interest income                     |                   |             | 0                 | 0                          | 0                      |                  |
| Miscellaneous receipts ( <i>specify</i> )     |                   |             | 0                 | 0                          | 0                      |                  |
| <b>Total receipts</b>                         | <b>83,126,076</b> | <b>0</b>    | <b>83,126,076</b> | <b>78,347,319</b>          | <b>4,778,757</b>       | 94.25            |
| <b>Payments</b>                               |                   |             |                   |                            |                        |                  |
| Medical/Clinical costs                        | 26,624,824        |             | 26,624,824        | 28,813,943                 | (2,189,119)            | 108.22           |
| Employee costs                                | 12,488,851        |             | 12,488,851        | 11,406,990                 | 1,081,861              | 91.34            |
| Board of Management Expenses                  | 87,000            |             | 87,000            | 0                          | 87,000                 |                  |
| Property, Plant & Equipment                   | 1,348,000         |             | 1,348,000         |                            | 1,348,000              | 0.00             |
| Furniture, fittings, and office equipment     | 420,000           |             | 420,000           | 295,862                    | 124,138                | 70.44            |
| ICT Equipment                                 | 620,000           |             | 620,000           | 138,700                    | 481,300                | 22.37            |
| Repairs and maintenance                       | 4,647,666         |             | 4,647,666         | 5,416,948                  | (769,282)              | 116.55           |
| General expenses                              | 14,493,602        |             | 14,493,602        | 13,065,515                 | 1,428,087              | 90.15            |

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|                                           |                   |          |                   |                   |                  |       |
|-------------------------------------------|-------------------|----------|-------------------|-------------------|------------------|-------|
| Refunds                                   |                   |          | 0                 |                   | 0                | 0     |
| <b>Total Operational Expenditure paid</b> | <b>60,729,943</b> | <b>0</b> | <b>60,729,943</b> | <b>59,137,958</b> | <b>1,591,985</b> | 97.38 |
| <b>Capital Expenditure paid</b>           |                   |          | 0                 |                   |                  |       |
| <b>Surplus</b>                            | <b>22,396,133</b> | <b>0</b> | <b>22,396,133</b> | <b>19,209,361</b> | <b>3,186,772</b> | 85.77 |

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

**Budget notes**

- 1. the under expenditures were caused by delays in procurement*
- 2. over expenditure were due to increase in demand for the commodities and a supplementary budget was done*

:

**Budget Reconciliation**

|   | Description of Particulars                                          | Amount in Kshs |
|---|---------------------------------------------------------------------|----------------|
|   | Actual Surplus Amounts as per the statement of Budget               | 19,209,361     |
| 1 | Reason for differences                                              |                |
| 2 | Reason for differences                                              |                |
| 3 | Reason for differences                                              |                |
| 4 | Reason for differences                                              |                |
|   | Closing Cash and Cash Equivalent as per the statement of Cash flows | 19,209,361     |



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

### **1. General Information**

Likoni Sub County Hospital entity is established by and derives its authority and accountability from Act. The entity is wholly owned by the Mombasa County Government and is domiciled in Mombasa County in Kenya. The entity's principal activity is 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 facility accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the facility. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

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

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

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

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



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

*iii) Early adoption of standards*

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

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

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

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

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

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

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

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

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

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

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

##### **Interest income**

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

##### **Rental income**

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



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

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on **xxxx**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the likoni sub county hospital recorded additional appropriations of **xxxx** on the FY 2024/2025 budget following the Board's approval. The *e* likoni sub county 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 cash flows.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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



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

**f. Leases**

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

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

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

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

**g. Intangible assets**

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



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

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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



### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**



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

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits

or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

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



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

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

*Notes to the Financial Statements (Continued)*

**r. Employee benefits**

**Retirement benefit plans**

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

**s. Foreign currency transactions**

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

**t. Borrowing costs**

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

**u. Related parties**

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

**v. Service concession arrangements**

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

**w. Cash and cash equivalents**

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

**x. Comparative figures**

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



**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

**Notes to Financial Statements Continued**

**6. Transfers from the County Government**

| Description                                                     | FY 2024-2025      | FY 2023-2024     |
|-----------------------------------------------------------------|-------------------|------------------|
|                                                                 | KShs              | KShs             |
| <b>Unconditional grants</b>                                     |                   |                  |
| Operational grant                                               |                   |                  |
| Level 4/5 grants                                                |                   |                  |
| Unconditional development grants                                |                   |                  |
| Other grants ( <i>specify</i> )                                 |                   |                  |
|                                                                 |                   |                  |
| <b>Conditional grants</b>                                       |                   |                  |
| User fee forgone                                                |                   |                  |
| Transforming health services for Universal care project (THUCP) | 14,619,266        | 6,369,668        |
| DANIDA                                                          |                   |                  |
| Wards Development grant                                         |                   |                  |
| Paediatric block grant                                          |                   |                  |
| Administration block grant                                      |                   |                  |
| Laboratory grant                                                |                   |                  |
| <b>Total government grants and subsidies</b>                    | <b>14,619,266</b> | <b>6,369,668</b> |

**6 b Transfers from The County Government**

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance*<br>KShs | Amount deferred under deferred income<br>KShs | Amount recognised in capital fund. | Total grant income during the year | Comparative Period |
|--------------------------------------|------------------------------------------------------------------|-----------------------------------------------|------------------------------------|------------------------------------|--------------------|
|                                      |                                                                  |                                               |                                    |                                    |                    |
|                                      |                                                                  |                                               | KShs                               | KShs                               | KShs               |
| Mombasa County Government            |                                                                  |                                               |                                    |                                    |                    |
| <b>Total</b>                         | <b>0</b>                                                         | <b>0</b>                                      | <b>0</b>                           | <b>0</b>                           | <b>0</b>           |



**Notes to Financial Statements Continued**

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

| Description                                                       | FY 2024-2025       | FY 2023-2024       |
|-------------------------------------------------------------------|--------------------|--------------------|
|                                                                   | KShs               | KShs               |
| Salaries and wages                                                | 214,741,400        | 139,967,378        |
| Medical supplies-Drawings Rights (KEMSA)                          |                    | 0                  |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) |                    | 0                  |
| Utility bills                                                     |                    | 0                  |
| <b>Total grants in kind</b>                                       | <b>214,741,400</b> | <b>139,967,378</b> |

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

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

| Description                                   | FY 2024-2025 | FY 2023-2024 |
|-----------------------------------------------|--------------|--------------|
|                                               | KShs         | KShs         |
| Cancer Centre grant- DANIDA                   |              |              |
| World Bank grants                             |              |              |
| Paediatric ward grant- JICA                   |              |              |
| Research grants                               |              |              |
| Other grants ( <i>specify</i> )               |              |              |
| <b>Total grants from development partners</b> | <b>0</b>     | <b>0</b>     |

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

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

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

| Description                                            | FY 2024-2025      | FY 2023-2024      |
|--------------------------------------------------------|-------------------|-------------------|
|                                                        | KShs              | KShs              |
| Transfer from National Government (Ministry of Health) |                   |                   |
| Transfer from National Hospital Insurance Fund         | 4,936,405         | 16,466,943        |
| Transfer Social Health Authority                       | 24,808,446        |                   |
| <b>Total Transfers</b>                                 | <b>29,744,850</b> | <b>16,466,943</b> |

**10. Public Contributions and Donations**

| Description                                                      | FY 2024-2025   | FY 2023-2024 |
|------------------------------------------------------------------|----------------|--------------|
|                                                                  | KShs           | KShs         |
| Public donations                                                 | 295,585        |              |
| 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>                          | <b>295,585</b> | <b>-</b>     |

(Provide brief explanation for this revenue)

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

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

**Notes to Financial Statements Continued**

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

| Description                                         | FY 2024-2025      | FY 2023-2024      |
|-----------------------------------------------------|-------------------|-------------------|
|                                                     | KShs              | KShs              |
| Pharmaceuticals                                     | 8,488,629         | 6,100,366         |
| Non-Pharmaceuticals                                 | -                 | 748,852           |
| Laboratory                                          | 8,501,830         | 6,100,366         |
| Radiology                                           | 2,422,150         | 3,865,877         |
| Orthopedic and Trauma Technology                    | 423,725           | 573,500           |
| Theatre                                             | 1,670,010         | 642,150           |
| Accident and Emergency Service                      | -                 |                   |
| Anesthesia Service                                  | -                 |                   |
| Ear Nose and Throat service                         | -                 |                   |
| Nutrition service                                   | 500               |                   |
| Cancer centre service                               | -                 |                   |
| Dental services                                     | 185,900           | 184,950           |
| Reproductive health                                 | 558,100           |                   |
| Paediatrics services                                | -                 |                   |
| Farewell home services                              | -                 |                   |
| Ambulance services                                  | 438,700           | 416,553           |
| Other medical services income ( <i>specify</i> )    | 9,892,225         | 5,522,878         |
|                                                     |                   |                   |
| <b>Total revenue from the rendering of services</b> | <b>32,581,769</b> | <b>24,155,492</b> |

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



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

**12. Revenue From Rent of Facilities**

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

*(Provide brief explanation for this revenue)*

**13. Finance /Interest Income**

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

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

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

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



Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

| Description                                       | FY 2024-2025 | FY 2023-2024 |
|---------------------------------------------------|--------------|--------------|
|                                                   | Kshs         | Kshs         |
| Dental costs/ materials                           |              |              |
| Laboratory chemicals and reagents                 | 6,051,598    | 1,658,219    |
| Public health activities                          | 4,334,034    |              |
| Food and Ration                                   | 330,300      | 2,127,470    |
| Uniform, clothing, and linen                      | 5,966,721    | 53,000       |
| Dressing and Non-Pharmaceuticals                  | 22,626,160   | 3,282,772    |
| Pharmaceutical supplies                           | 1,487,363    | 10,125,899   |
| Health information stationery                     |              | 1,680,699    |
| Reproductive health materials                     |              |              |
| Sanitary and cleansing Materials                  | 515,800      |              |
| Purchase of Medical gases                         | 1,452,150    | 1,251,421    |
| X-Ray/Radiology supplies                          | 140,550      | 439,100      |
| Other medical related clinical costs<br>(specify) | 724,565      | 350,000      |
| Total medical/ clinical costs                     | 43,629,241   | 20,968,580   |

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



### 16. Employee Costs

| Description                                | FY 2024-2025       | FY 2023-2024       |
|--------------------------------------------|--------------------|--------------------|
|                                            | Kshs               | Kshs               |
| Salaries, wages, and allowances            | 226,791,429        | 152,124,711        |
| 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>226,791,429</b> | <b>152,124,711</b> |

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

### Notes to the Financial Statements (Continued)

### 17. Board of Management Expenses

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

**18. Depreciation and Amortization Expense**

| Description                                | FY 2024-2025     | FY 2023-2024     |
|--------------------------------------------|------------------|------------------|
|                                            | Kshs             | Kshs             |
| Property, plant and equipment              | 1,429,634        | 1,441,647        |
| Intangible assets                          | -                |                  |
| Investment property carried at cost        | -                |                  |
| <b>Total depreciation and amortization</b> | <b>1,429,634</b> | <b>1,441,647</b> |

**19. Repairs And Maintenance**

| Description                            | FY 2024-2025     | FY 2023-2024     |
|----------------------------------------|------------------|------------------|
|                                        | Kshs             | Kshs             |
| Property, Plant ,Machinery & Equipment | 5,375,012        | 605,789          |
| Medical equipment                      | 20,000           | 438,874          |
| Maintenance of buildings & station     |                  |                  |
| Maintenance of medical& dental         |                  | 64,000           |
| Computers and software                 |                  |                  |
| Motor vehicle expenses                 | 852,901          | 127,241          |
| Maintenance of electrical works        |                  |                  |
| Maintenance of Hospital MIS            |                  |                  |
| <b>Total repairs and maintenance</b>   | <b>6,247,913</b> | <b>1,235,904</b> |

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

**20. Grants And Subsidies**

| Description                                  | FY 2024-2025 | FY 2023-2024 |
|----------------------------------------------|--------------|--------------|
|                                              | Kshs         | Kshs         |
| Community development and social work        |              |              |
| Education initiatives and programs           |              |              |
| Free/ subsidised medical camp                |              |              |
| Disability programs                          |              |              |
| Free cancer screening                        |              |              |
| Social benefit expenses                      |              |              |
| Other grants and subsidies( <i>specify</i> ) |              |              |
| <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 2024-2025 | FY 2023-2024 |
|------------------------------------|--------------|--------------|
|                                    | Kshs         | Kshs         |
| Advertising and publicity expenses | 594,675      |              |
| Catering expenses                  | 161,053      |              |
| Waste management expenses          |              |              |
| Insecticides and rodenticides      |              |              |
| Audit fees                         |              |              |
| Bank charges                       | 29,681       | 120,602      |
| Conferences and delegations        |              | 140,000      |
| Consultancy fees                   |              |              |
| Contracted services                | 3,217,102    | 2,959,200    |
| Electricity expenses               | 6,692,067    | 2,800,000    |
| Fuel and Lubricants                | 1,050,000    | 750,000      |
| Insurance                          |              |              |
| Research and development expenses  |              |              |
| Travel and accommodation allowance | 266,600      | 20,000       |
| Legal expenses                     |              |              |
| Licenses and permits               |              |              |
| Courier and postal services        | 9,450        | 9,450        |



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

|                                                                           |                   |                  |
|---------------------------------------------------------------------------|-------------------|------------------|
| Printing and stationery                                                   | 464,530           |                  |
| Hire charges                                                              |                   |                  |
| Rent expenses                                                             |                   |                  |
| Water and sewerage costs                                                  | 19,656            | 64,388           |
| Skills development levies                                                 |                   |                  |
| Telephone and mobile phone services                                       | 543,924           | 452,400          |
| Internet expenses                                                         | 481,307           | 350,000          |
| Staff training and development                                            |                   | 56,500           |
| Subscriptions to professional bodies                                      |                   |                  |
| Subscriptions to newspapers<br>periodical, magazines, and gazette notices |                   |                  |
| Conferences and delegations                                               |                   |                  |
| Library books/Materials                                                   |                   |                  |
| Parking charges                                                           |                   |                  |
| <b>Total General Expenses</b>                                             | <b>13,530,045</b> | <b>7,722,540</b> |

**22. Finance Costs**

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

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

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

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

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

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

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

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

**26. Impairment Loss**

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

**27. Cash And Cash Equivalents**

| Description                            | FY 2024-2025      | FY 2023-2024      |
|----------------------------------------|-------------------|-------------------|
|                                        | KShs              | KShs              |
| Current accounts                       | 19,209,361        | 16,795,742        |
| <b>Total cash and cash equivalents</b> | <b>19,209,361</b> | <b>16,795,742</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                           |                | FY 2024-2025      | FY 2023-2024      |
|---------------------------------------|----------------|-------------------|-------------------|
| Financial institution                 | Account number | KShs              | KShs              |
| <b>a) Current account</b>             |                |                   |                   |
| Kenya Commercial bank-Treasury Branch | 1159380090     | 19,209,361        | 16,795,742        |
| <b>Sub Total</b>                      |                | <b>19,209,361</b> | <b>16,795,742</b> |
| <b>b) On - call deposits</b>          |                |                   |                   |
|                                       |                |                   |                   |
| <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>                    |                | <b>19,209,361</b> | <b>16,795,742</b> |

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

**28. Prepayments**

| Description | FY 2024-2025 | FY 2023-2024 |
|-------------|--------------|--------------|
|             | Kshs         | Kshs         |
| Insurance   |              |              |
| Rent        |              |              |



|                |          |          |
|----------------|----------|----------|
| Water          |          |          |
| Internet       |          |          |
| Others specify |          |          |
| <b>Total</b>   | <b>-</b> | <b>-</b> |

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

**29. Receivables From Exchange Transactions**

| Description                  | FY 2024-2025      | FY 2023-2024     |
|------------------------------|-------------------|------------------|
|                              | KShs              | KShs             |
| Medical services receivables | 15,689,893        | 5,832,020        |
| Other exchange debtors       | -                 | -                |
| Less: impairment allowance   | -                 | -                |
| <b>Total receivables</b>     | <b>15,689,893</b> | <b>5,832,020</b> |

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

**Analysis of Receivables From Exchange Transactions**

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

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

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

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

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

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

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

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

**31. Inventories**

| Description                                       | FY 2024-2025     | FY 2023-2024     |
|---------------------------------------------------|------------------|------------------|
|                                                   | KShs             | KShs             |
| Dental materials                                  |                  |                  |
| Laboratory chemicals and reagents                 |                  |                  |
| Dressing and Non-Pharmaceuticals                  | 3,079,680        | 4,416            |
| Maintenance supplies                              |                  | 72,916           |
| Pharmaceutical supplies-Drugs                     |                  | 407,851          |
| Food supplies                                     | 10,100           | 143,964          |
| Health information stationery                     | 304,163          |                  |
| Radiology Supplies                                |                  |                  |
| Laboratory reagents                               |                  |                  |
| Renal Commodities                                 |                  |                  |
| Computer accessories                              |                  |                  |
| Cleaning materials supplies                       | 97,165           |                  |
| X-Ray/Radiology supplies                          | 97,500           |                  |
| Other medical related clinical costs<br>(specify) | 35,550           |                  |
| General supplies(medical related)                 |                  | 1,711,515        |
| Less: provision for impairment of stocks          |                  |                  |
| <b>Total</b>                                      | <b>3,624,158</b> | <b>2,340,662</b> |

**Detailed disclosure on inventories**

|                                  | FY 2024-2025 | FY 2023-2024 |
|----------------------------------|--------------|--------------|
| Opening balance                  |              |              |
| Additional Inventory in the year |              |              |
| Inventory expensed in the year   |              |              |
| Write-downs in the year          |              |              |



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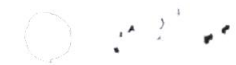
|                 |   |   |
|-----------------|---|---|
| Others specify  |   |   |
| Closing balance | - | - |

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

| Description                        | Land              | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment  | Plant and medical equipment | Capital Work in progress | Total             |
|------------------------------------|-------------------|---------------------------|----------------|-------------------------------------------|----------------|-----------------------------|--------------------------|-------------------|
|                                    | Ksh               | Ksh                       | Ksh            | Ksh                                       | Ksh            | Ksh                         | Ksh                      | Ksh               |
| <b>Cost</b>                        |                   |                           |                |                                           |                |                             |                          |                   |
| At 1 July 2024 (previous year)     | <b>51,000,000</b> | <b>8,777,226</b>          | <b>0</b>       | <b>1,683,397</b>                          | <b>527,133</b> | <b>0</b>                    | <b>0</b>                 | <b>61,987,756</b> |
| Additions                          | 0                 | 0                         | 0              | 556,362                                   | 138,700        | 240,640                     |                          | <b>935,702</b>    |
| Disposals                          | 0                 | 0                         | 0              | 0                                         | 0              | 0                           | 0                        | <b>0</b>          |
| Transfer/adjustments               | 0                 | 0                         | 0              | 0                                         | 0              | 0                           | 0                        | <b>0</b>          |
| <b>At 30th June 2025</b>           | <b>51,000,000</b> | <b>8,777,226</b>          | <b>0</b>       | <b>2,239,759</b>                          | <b>665,833</b> | <b>240,640</b>              | <b>0</b>                 | <b>62,923,458</b> |
| <b>Depreciation and impairment</b> | 0%                | 10%                       | 20%            | 12.50%                                    | 30%            | 30%                         | 0                        | 0                 |
| At 1 July 2024 (previous year)     | <b>0</b>          |                           |                |                                           |                |                             | <b>0</b>                 | <b>-</b>          |
| Depreciation for the year          | 0                 | 877,723                   | 0              | 279,970                                   | 199,750        | 72,192                      |                          | <b>1,429,634</b>  |
| Disposals                          | 0                 | 0                         | 0              | 0                                         | 0              | 0                           | 0                        | <b>0</b>          |
| Impairment                         | 0                 | 0                         | 0              | 0                                         | 0              | 0                           | 0                        | <b>0</b>          |
| <b>At 30 June 2025</b>             | <b>0</b>          | <b>877,723</b>            | <b>0</b>       | <b>279,970</b>                            | <b>199,750</b> | <b>72,192</b>               | <b>0</b>                 | <b>1,429,634</b>  |
| <b>At 30th June 2025</b>           | <b>51,000,000</b> | <b>7,899,503</b>          | <b>0</b>       | <b>1,959,789</b>                          | <b>466,083</b> | <b>168,448</b>              |                          | <b>61,493,823</b> |
| <b>Net book values</b>             |                   |                           |                |                                           |                |                             |                          |                   |



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|                  |            |           |   |           |         |         |   |            |
|------------------|------------|-----------|---|-----------|---------|---------|---|------------|
| At 30th Jun 2024 | 51,000,000 | 8,777,226 | 0 | 1,683,397 | 527,133 | 0       | 0 | 61,987,756 |
| At 30th Jun 2025 | 51,000,000 | 7,899,503 | 0 | 1,959,789 | 466,083 | 168,448 | 0 | 61,493,823 |



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

**33. Intangible Assets-Software**

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

**34. Investment Property**

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

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

**35. Biological Assets**

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

**36. Trade and other Payables**

| Description                           | FY 2024-2025      |                       | FY 2023-2024          |                       |
|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|
|                                       | KShs              |                       | KShs                  |                       |
| Trade payables                        | 16,611,933        |                       | 12,046,154            |                       |
| <b>Total trade and other payables</b> | -                 |                       | -                     |                       |
| <b>Ageing analysis:</b>               | <b>Current FY</b> | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the total</b> |
| Under one year                        |                   |                       |                       |                       |
| 1-2 years                             | 16,611,933        |                       | 12,046,154            |                       |
| 2-3 years                             |                   |                       |                       |                       |
| Over 3 years                          |                   |                       |                       |                       |
| <b>Total</b>                          | <b>16,611,933</b> | <b>-</b>              | <b>12,046,154</b>     | <b>-</b>              |

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

| Description                  | FY 2024-2025 |  | FY 2023-2024 |  |
|------------------------------|--------------|--|--------------|--|
|                              | KShs         |  | KShs         |  |
| Medical fees paid in advance | -            |  | -            |  |
| Credit facility deposit      | -            |  | -            |  |
| Rent deposits                | -            |  | -            |  |
| Others ( <i>specify</i> )    | -            |  | -            |  |

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

### 38. Provisions

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

### 39. Finance Lease Obligation

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



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

**40. Deferred Income**

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

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

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

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

**41. Borrowings**

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

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

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

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

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

**42. Service Concession Arrangements**

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

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

**43. Cash Generated from Operations**

| Description                                    | FY 2024-2025     | FY 2023-2024     |
|------------------------------------------------|------------------|------------------|
|                                                | KShs             | KShs             |
| Surplus for the year before tax                | 354,608          | 5,187,626        |
| <b>Adjusted for:</b>                           |                  |                  |
| Depreciation                                   | 1,429,634        | 1,441,647        |
| Non-cash grants received                       |                  |                  |
| Impairment                                     |                  |                  |
| Gains and losses on disposal of assets         |                  |                  |
| Contribution to provisions                     |                  |                  |
| Contribution to impairment allowance           |                  |                  |
| <b>Working Capital adjustments</b>             | (20,857,343)     | (8,008,435)      |
| Increase in inventory                          | 1,283,496        | 95,528           |
| Increase in receivables                        | 9,857,873        | 1,294,590        |
| Increase in deferred income                    |                  |                  |
| Increase in payables                           | 10,779,913       | 6,618,317        |
| Increase in payments received in advance       |                  |                  |
| <b>Net cash flow from operating activities</b> | <b>2,848,181</b> | <b>6,629,273</b> |

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



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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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

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

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

**(ii) Liquidity risk management**

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

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

| Description                   | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
|                               | Kshs              | Kshs               | Kshs          | Kshs  |
| <b>At 30 June 20xx</b>        |                   |                    |               |       |
| Trade payables                |                   |                    |               |       |
| Current portion of borrowings |                   |                    |               |       |
| Provisions                    |                   |                    |               |       |
| Deferred income               |                   |                    |               |       |
| Employee benefit obligation   |                   |                    |               |       |
| <b>Total</b>                  |                   |                    |               |       |
| <b>At 30 June 20xx</b>        |                   |                    |               |       |
| Trade payables                |                   |                    |               |       |
| Current portion of borrowings |                   |                    |               |       |
| Provisions                    |                   |                    |               |       |
| Deferred income               |                   |                    |               |       |



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|                             |  |  |  |  |
|-----------------------------|--|--|--|--|
| Employee benefit obligation |  |  |  |  |
| <b>Total</b>                |  |  |  |  |

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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





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

| Description                                   | KShs | Other currencies | Total |
|-----------------------------------------------|------|------------------|-------|
|                                               | Kshs |                  | Kshs  |
| <b>At 30 June 20xx</b>                        |      |                  |       |
| Financial assets (investments, cash, debtors) |      |                  |       |
| Liabilities                                   |      |                  |       |
| Trade and other payables                      |      |                  |       |
| Borrowings                                    |      |                  |       |
| Net foreign currency asset/(liability)        |      |                  |       |

**Foreign currency sensitivity analysis**

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

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

**iv) Capital Risk Management**

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

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



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

**45. Related Party Balances**

**Nature of related party relationships**

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

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

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

| Description                                            | FY 2024-2025 | FY 2023-2024 |
|--------------------------------------------------------|--------------|--------------|
|                                                        | Kshs         | Kshs         |
| <b>Transactions with related parties</b>               |              |              |
|                                                        |              |              |
| <b>a) Services offered to related parties</b>          |              |              |
| Services to xxx                                        |              |              |
| Sales of services to xxx                               |              |              |
| <b>Total</b>                                           |              |              |
|                                                        |              |              |
| <b>b) Grants from the Government</b>                   |              |              |
| Grants from County Government                          |              |              |
| Grants from the National Government Entities           |              |              |
| Donations in kind                                      |              |              |
| <b>Total</b>                                           |              |              |
|                                                        |              |              |
| <b>c) Expenses incurred on behalf of related party</b> |              |              |

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|                                                  |  |  |
|--------------------------------------------------|--|--|
| Payments of salaries and wages for xxx employees |  |  |
| Payments for goods and services for xxx          |  |  |
| <b>Total</b>                                     |  |  |
|                                                  |  |  |
| <b>d) Key management compensation</b>            |  |  |
| Directors' emoluments                            |  |  |
| Compensation to the medical Sup                  |  |  |
| Compensation to key management                   |  |  |
|                                                  |  |  |
| <b>Total</b>                                     |  |  |

**46. Segment Information**

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

**47. Contingent Liabilities**

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

*(Give details)*

**48. Capital Commitments**

| Capital Commitments           | FY2024-2025 | FY2023-2024 |
|-------------------------------|-------------|-------------|
|                               | 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)*

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

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

**51. Currency**

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



## 20. Appendices

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

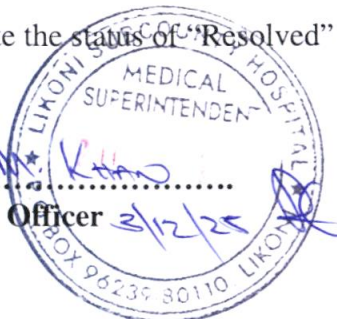
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

#### Guidance Notes:

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

  
 .....  
**Accounting Officer** 3/12/25



## Appendix II: Projects Implemented by The Entity

### Projects

Projects implemented by the Hospital Funded by development partners

| Project title | Project Number | Donor | Period/<br>duration | Donor<br>commitment | Separate donor<br>reporting required<br>as per the donor<br>agreement (Yes/No) | Consolidated in<br>these financial<br>statements<br>(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<br>Cost | Total expended<br>to date | Completion % to<br>date | Budget | Actual | Sources of<br>funds |
|----|---------|-----------------------|---------------------------|-------------------------|--------|--------|---------------------|
| 1  |         |                       |                           |                         |        |        |                     |
| 2  |         |                       |                           |                         |        |        |                     |
| 3  |         |                       |                           |                         |        |        |                     |





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

**Name of Transferring entity.....**

**Name of Beneficiary entity.....**

**Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June 2025**

| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total<br>(C)=(A+B) | Remarks |
|------------------|----------------|---------------|-----------------|--------------------|---------|
|                  |                |               |                 |                    |         |
|                  |                |               |                 |                    |         |
|                  |                |               |                 |                    |         |
| Total            |                |               |                 |                    |         |

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

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

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

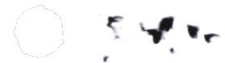
**Head of Accounts Department - Beneficiary Entity:**

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



**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 |
|-----------|---------------|---------------|----------------------------------------------------------------------------------------------------------------------|------------------|----------------|----------|
|           |               |               |                                                                                                                      |                  |                |          |
|           |               |               |                                                                                                                      |                  |                |          |
|           |               |               |                                                                                                                      |                  |                |          |
|           |               |               |                                                                                                                      |                  |                |          |