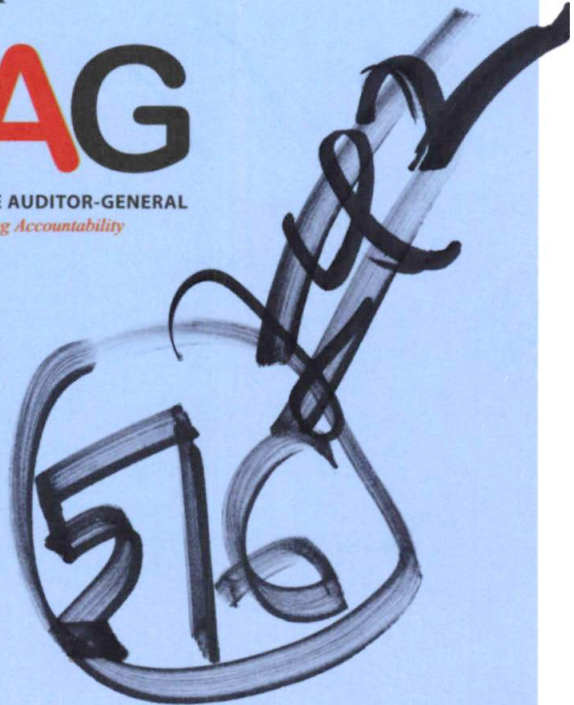


REPUBLIC OF KENYA



REPORT  
PARLIAMENT OF KENYA LIBRARY



	PAPERS LAID
DATE	25/02/2026
TABLED BY	Majority leader
COMMITTEE	—
CLERK AT THE TABLE	Poly Camp

OF

THE AUDITOR-GENERAL

ON

PORT REITZ SUB-COUNTY HOSPITAL  
MOMBASA COUNTY GOVERNMENT

FOR THE YEAR ENDED  
30 JUNE, 2022

Handwritten scribbles and marks, possibly including the letters 'S' and 'A'.

Small handwritten mark or scribble in the top right corner.



OFFICE OF THE AUDITOR GENERAL  
P.O.Box 95202 MOMBASA  
03 OCT 2025  
RECEIVED  
MOMBASA REGIONAL OFFICE



---

# PORT REITZ SUB COUNTY HOSPITAL (Mombasa County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

---

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

Handwritten text in blue ink, possibly a stamp or signature, located in the upper middle section of the page. The text is mostly illegible due to blurring and fading.

**Table of Contents**

I. Key Hospital Information and Management .....	iv
II. The Board of Management.....	ix
III. Management Team.....	x
IV. Chairman’s Statement.....	xii
V. Report Of The Chief Executive Officer .....	xii
VI. Statement Of Performance Against Predetermined Objectives .....	xiv
VII. Corporate Governance Statement .....	xvii
VIII. Management Discussion and Analysis.....	xvii
IX. Environmental And Sustainability Reporting.....	xx
X. Report Of The Board Of Management.....	xxiii
XI. Statement Of Board of Management’s Responsibilities .....	xxiv
XII. Report of the Office of the Auditor General .....	xxv
XIII. Statement Of Financial Performance for The Year Ended 30 June 2022 .....	1
XIV. Statement of Financial Position as of 30 <sup>th</sup> June 2022 .....	3
XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022.....	5
XVI. Statement of Cash Flows for The Year Ended 30 June 2022 .....	6
XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022 .....	8
XVIII. Notes To the Financial Statements.....	10
XIX. Appendices.....	51

## **I. Key Hospital Information and Management**

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

Portreitz Sub-County Hospital (PRSCH) is a level 4 public hospital reg no. GK 004491 established under gazette notice number 786 and is domiciled in Mombasa County under the Health Department. The hospital is governed by an active hospital management team consisting of the top administration and the various department heads.

In the late 60's the facility was run by the barracks and in the late 80's PRSCH was known as an infection disease hospital specializing in TB treatment and care thus the name Portreitz Chest Hospital. It later expanded to offer a wide array of services growing into a multispecialty hospital that it is today.

The catchment population for Port Reitz is 100,000. However a combined figure of 300,000 residents of Changamwe and Jomvu sub-counties are served. However the facility has records of serving clients from other counties from as far as Bungoma and Kisumu and events from beyond Kenya who have been admitted at the hospital mental unit being the second largest in the country.

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

#### **VISION**

To be a beacon of hope in health care delivery.

#### **MISSION**

To provide high quality healthcare services and to be a crusader for preventive health strategies.

#### **CORE VALUES**

Provide optimum and affordable health care in all specialities

Understand and respect the needs of our clients

To work as a team

The facility offers a wide scope of services including;

General out-patient services- maternal and child health services, family planning, comprehensive care clinic, antenatal clinic, postnatal clinic, paediatric out-patient, occupational therapy and physiotherapy and specialist consultant clinics.

In-patient service: male ward, female ward, paediatric ward, maternity and mental unit.

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

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

- County Executive Committee Member of health
- Chief officer clinical services-Department of health
- Director Clinical Services- Department of health
- Medical Superintendent
- Hospital Administrator

➤ Hospital Management Team (HMT)

**(a) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Medical Superintendent	Dr. Rehana Khan
2.	Hospital Administrator	Elizabeth Mule
3.	Nursing Officer In charge	Christine Owila
4.	Accountant	David Kitavi
5.	Human Resource Officer	William Ngala
6.	Head of Supply Chain	James Ziro
7.	Commodity Nurse	Sophia Bahati
8.	Pharmacist In Charge	Dr. Salim
9.	HOD Paediatrics	Dr.Madiha Sultan
10.	HOD Obstetrics and Gynecology	Dr.Wambua Mulatya
11.	HOD Dermatology	Dr. Rukia Abdullahi
12.	HOD Dental	Dr.Rubina Ebrahim
13.	HOD Surgery	Dr.Heri Hassan
14.	HOD Psychiatry	Dr.Janbibi Yusuf
15.	HOD Laboratory	Zulekha Omar
16.	HOD Psychology	Nana Ali
17.	HOD Nutrition	Finlay Nyachienga
18.	HOD Health Records and Information	Kennedy Muriki
19.	Clinical Officer In charge	Roseline Kerubo
20.	HOD Occupational Therapy	Masila Muthembwa
21.	HOD Physiotherapy	Peter Muteti
22.	ICT Officer In charge	Norbert Nyariki
23.	Radiographer	Peter Opany
24.	HOD Hospital Maintenance Unit	David Wesonga
25.	Supply Chain Officer	Florence Muluko
26.	Nursing Officer In charge- Male ward	Lucy Muthee
27.	Nursing Officer In charge- Female ward	Dorcas Maweu
28.	Nursing Officer In charge- Paediatrics ward	Jane Nzovu

No	Designation	Name
30.	Maternity In Charge	Zulfa Muzamil
31.	Social Worker	Grace Nakaya

**(b) Fiduciary Oversight Arrangements**

The facility comprises various committees that oversee day to day continuity of services. Those with direct fiduciary oversight mandate include;

- **Executive Expenditure Committee**

This committee is chaired by the medical superintendent. It is the committee responsible for approving hospital budgets after they have been discussed at the HMT meeting prior to being submitted to the Chief Officer of Health through the office of the County Director to give authority to incur expenditure.

- **Waiver committee**

This committee has the mandate to internally review a patient's waiver requests after thorough assessment by the social worker before being forwarded to the necessary higher authority.

Those with indirect fiduciary oversight clinical (committees that are linked to revenue performance) include:

- Maternal and Perinatal Death Surveillance committee
- Medicines and Therapeutics Committee
- Hemovigilance Committee
- Human Resource Advisory Committee
- Quality Improvement Committee
- Infection and Prevention Committee

There are senior officers from the department of health who offer support and guidance to the facility.

There is also the county parliamentary health committee.

**(c) Hospital Headquarters**

Port Reitz Sub-County Hospital

Port Reitz Road

P.O. Box 90502-80100

Mombasa

**(d) Hospital Contacts**

Telephone: (+254) 720 419 492

E-mail: medsuptrdh@yahoo.com

**(e) Hospital Bankers**

- Kenya Commercial Bank  
Account Number- 1158027249  
Mvita Branch
- National Bank of Kenya  
Account Number- 7700010234  
Mombasa Poly University
- Equity Bank  
Account Number- 120028147958  
Changamwe Branch

**(f) Independent Auditors**

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

**(g) Principal Legal Adviser**

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




**(h) County Attorney**



Jimmy Waliaula  
P.O.Box 81599-80100  
Bima Towers  
6th floor, Digo Road

○ **II. The Board of Management**

*\*The hospital does not have a board; proposed names of board members were submitted in March 2023.*

### III. Management Team

Ref	Management	Details
1	 <p>Dr. Rehana Khan Bachelor's degree in Medicine and Surgery</p>	<p>Oversee all administrative and clinical matters at the facility as the facility accounting officer.</p>
2	 <p>Christine Owila Diploma in Nursing</p>	<p>Oversee administrative and clinical issues related to nursing care and treatment.</p>
3	 <p>Elizabeth Mule Bachelors of Business Administration (HR Option)</p>	<p>Manage all other administrative duties supporting smooth running of day to day services at the facility</p>

4	 <p>David Kitavi Bachelors of Commerce (Accounting )</p>	<p>Handle hospital finances by ensure there are adequate reports related to revenue of the facility</p>
5	 <p>William Ngala Diploma in Management</p>	<p>Oversee staff welfare.</p>

#### **IV. Chairman's Statement**

*\*The hospital does not have a board; proposed names of board members were submitted in March 2023.*

#### **V. Report of The Chief Executive Officer**

The hospital operates on 3 sources of funds, FIF, NHIF and reimbursements from the County Government. The mode of payment at the facility is purely cashless and insurance for patients registered under NHIF.

In the period under review, the facility has seen growth in service delivery which has resulted in an increase in revenue, from 62,276,425 ksh in 2020/21 to 91,845,661 ksh in the year ending 2021/22.

<b>REVENUE SOURCE</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>TOTAL</b>
<b>FIF</b>	13,000,396	13,305,465	16,488,168	15,417,661	58,211,690
<b>LINDA MAMA</b>	-	-	1,249,960	-	1,249,960
<b>NHIF</b>	11,184,586	3,704,870	4,205,940	13,288,615	32,384,011


Continued partner support in various areas has also ensured continuity of service delivery. Partners such as USAID-STAWISHA, AHF, KMTC, APDK, MSF among other institutions.

Challenges faced by the facility include:

- Delayed reimbursement by NHIF
- High rate of waivers and exemptions
- Underfunding from LINDA MAMA- a fixed fee of 5000 for normal deliveries and caesarean section which does not meet the actual cost of offering the service.

- Low cost of services compared to other facilities regardless of the fact that we procure commodities at the same rate.
- Inadequate staffing, this has seen the facility employ additional 82 casuals of different cadres to meet the patient demands.
- The leadership envisions to transform service delivery at PRSCH in the coming year through;
- Investing in ensuring the facility is well equipped with modern technology to meet our clients' needs
- Expansion of the scope of services through introduction of new clinical services such as dialysis
- Creation of innovative ways to improve customer experience and service delivery
- Improve the working environment for the staff through infrastructural renovations which will allow them to offer services holistically.
- Focus of stakeholder mapping to build our stakeholder pool.
- Strengthen our teaching component.

Additionally the HMT endeavours to ensure that the hospital is run in accordance with all governing guidelines to ensure transparency and accountability from the junior to senior staff. I take this opportunity to thank the staff and members of the HMT for their dedication to service, the CHMT for their continuous support and guidance ensuring that service delivery is ongoing smoothly.

  
.....  
Name *Dr Riziki Mwakimba*  
Secretary to the Board  
*3/10/2025*

**VI. Statement Of Performance Against Predetermined Objectives**

PRSCH develops its annual work plans based on the 6 health building blocks which include;

- Leadership and governance
- Human Resource
- Finance
- Service Delivery
- Health infrastructure
- Medical Products and Technologies

Below are our targets against achievements for the financial year in reporting.

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
I: Strengthen collaboration with Health-Related Sectors	Strengthen inter sectoral collaboration.  Embark on stakeholder mapping and promote PPC	Number of MOU's signed at facility level through the department.  Stakeholder mapping progress report and projects undertaken	Train key management on PPC.  Map out partners and institutions to establish partnerships with.	Some of the hospital managers trained on PPC.

<p>2: Expand the scope of service delivery to fully conform to level 4 status.</p>	<p>Address the key disease burdens in the community by providing comprehensive clinical care</p>	<p>Reduced burden of both communicable and non-communicable diseases.</p> <p>Improved patient outcomes through key performance indicators</p>	<p>Construction of specialist clinics.</p> <p>Introduction of new specialties i.e. orthopedic surgery, specialist endocrinologist, ophthalmology etc.</p> <p>Institute an NBU</p>	<p>Improved patients outcomes</p> <p>Improved revenue</p>
<p>3: Promote financial accountability</p>	<p>To maximize of facility collections</p>	<p>Reconciliation reports.</p> <p>Internal audits</p>	<p>Submission of financial reports and internal audit activities.</p> <p>Decentralization of cash points for ease of monitoring and reporting.</p>	<p>Less revenue leaks.</p> <p>Improved collection both FIF and external (NHIF) collections</p>
<p>4. Leadership and governance</p>	<p>Provide quality leadership at the hospital to ensure there is overall accountability and ownership of the workplace by all.</p>	<p>Reduced number of HR related problems.</p> <p>Motivated workforce.</p>	<p>HMT meeting minutes.</p> <p>Activation of various hospital committees and their meeting minutes.</p> <p>Staff released for training/capacity building in leadership</p>	<p>Hospital has strengthened its leadership and governance</p>

5.Human Resource	<p>Improve the HRH gaps by lobbying for additional staff.</p> <p>Ensure staff have a supportive working environment to meet the set performance targets</p>	<p>Increased number of staff.</p> <p>Staff appraisals duly filled</p>	<p>Submission of staff attrition report</p> <p>Setting departmental targets.</p>	<p>Reduced staff shortage leading to improved service delivery/patient care.</p>
------------------	---	---	--	--

## VII. Corporate Governance Statement

*\*The hospital does not have a board; proposed names of board members were submitted in March 2023.*

## VIII. Management Discussion and Analysis

PRSCH has been struggling to overcome its financial debts that go way back to pre-devolution era (approximately 13 million) before health was devolved. The management team has been purposeful to allocate funds to current needs while at the same time trying to off-set the debts each quarter/financial year.

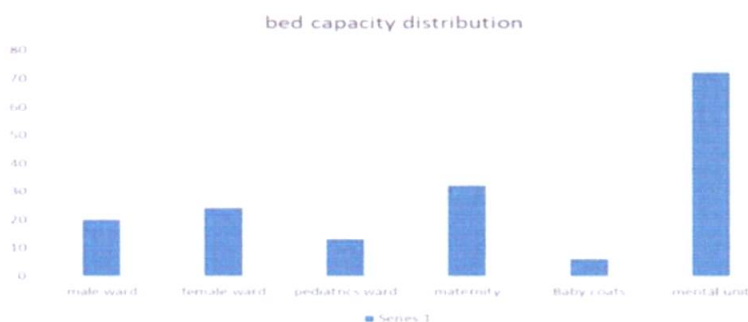
The facility aspired to undertake several infrastructural projects such as renovation of mental unit, partial removal of asbestos roofing, repair of leaking roofs to mention a few. But owing to the difficult financial situation the facility was not able to undertake any major infrastructural projects through its own source funding. However, minor repairs and works as seen necessary were undertaken.

The main development project in that year was the construction of the NBU by Kenya Pipeline Foundation at a cost of 5 million.

### Clinical/operational performance

- Bed capacity of the hospital.

The hospital boasts of 168 beds in the main hospital distributed to male and female ward, paediatric ward, maternity, mental unit and 6 baby coats in the paediatric ward.



- Overall patient attendance during the year for both inpatient and outpatient.

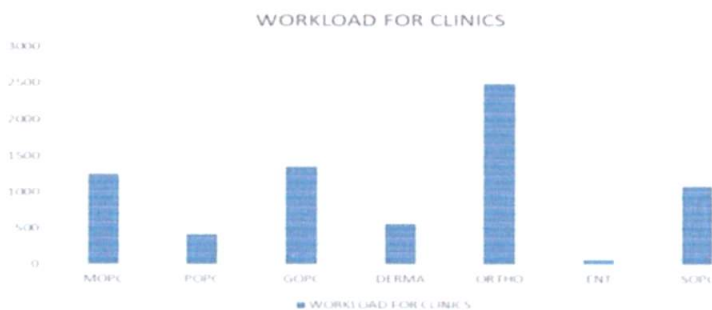


- Accident and Emergency attendance

The hospital has a casualty department that serves as the accident and emergency unit. Being the only facility surrounded by water air and sea major transport modes it serves a large volume of clients who sustain injuries in the line of work, not forgetting the multiple shipping companies around us.



- Specialised clinic attendance



- Average Length Of stay for in-patient  
8 days

- Bed occupancy rate  
71%

- Mortality rate  
112

- Surgical theatre utilization (number of operations over a period of time)  
The theater served a total of 1474 cases. These cases include caesarean sections, hydrocelectomy, circumcision, myomectomy, hernia, debridements, and tonsillectomy to mention a few.

- Sponsorships and partnerships

The facility has had a number of engagements with various partners including: MOH, DOH, Kenya Pipeline Foundation, USAID, and MSF to mention a few who have been vital in supporting services at the facility in one way or another.

### **Financial performance**

The facility has 2 main sources of revenue: FIF, remittances from NHIF and LINDA MAMA. Other sources include transfers from the county, and donations.

Funds utilization is allocated based on availability and need. Each department submits their quarterly departmental budget for discussion at the HMT. The EEC then has the mandate to verify and approve the budgets and forward them through the office of the medical superintendent to the County for AIE approval.

## **IX. Environmental And Sustainability Reporting**

### **i. Sustainability strategy and profile**

The hospital's mandate is to ensure that it provides quality services. This is achieved through working to improve the current services while embracing technology to introduce new specialties and subspecialties. The setback currently faced by the facility is the pending debts. The target is to make sure that all pending bills are cleared in the coming financial year. The consequences of not clearing these bills is that the suppliers have withheld services i.e. they have refused to deliver goods rising concerns over unsettled bills.

Improvement and streamlining the cash collection system to ensure that there are less loopholes to fully account for all the collections at the facility. The human resource aspect is also a key factor that once addressed will lead to savings. The hospital currently has over 70 casual staff working whose emoluments are from the facility collection, this cost can be reallocated to various needs at the facility.

The facility endeavours to review its costs of services to meet the current economic changes. This will ensure that we do not lose revenue due to under charging services. Once completed we will share it with the county assembly through the office of the chief officer for approval and ascending to county assembly.

There is a need to identify stakeholders (stakeholder mapping), sharing with them the various areas of improvement in the facility where they can support us for growth and improvement of services. Lastly in addition to the aforementioned strategies is to get a way forward on the pending reimbursements by NHIF. These delays have greatly impacted service delivery as it is close to impossible to operate without debt when you have unpaid claims/reimbursements.

### **ii. Environmental performance**

The public health officer at the facility is mandated to ensure that the hospital adheres to all public health guidelines as stipulated by the law. Other supporting activities by internal committees such as the Infection Prevention Committee and Quality Improvement Committee support the functionality of the public health officer.

The hospital disposes its waste externally by floating quotations to prequalified companies who manage waste. The hospital has 2 condemned incinerators and one oven microwave that was set up as a government project for the county government which was not handed over to PRSCH.

In the coming financial year it's the facilities desire to ensure that the necessary handing over of the microwave to the facility is completed and that the facility incinerators are renovated to allow us to process our own waste. On average the hospital spends approximately 30 ksh per kg for medical waste and 150 ksh per sharp box disposal.

### **iii. Employee Welfare**

The human resource officer supports all staff affairs with the Human Resource Advisory Committee supporting this office in the event there are any staff matters that need special advisory. The HRMAC is constituted by key members of the hospital management who are void of any disciplinary cases and have proper conduct and are responsible to serve.

Various efforts have been put in place to ensure that the staff are motivated to continue serving, such as approving study leave requests, supporting staff for external training and conferences, and ensuring that there are continuous medical education sessions at the facility.

To ensure compliance with OSHA, the hospital has ensured that the staff are licensed to practice, basic protective equipment are made available and all necessary regulatory body requirements are met.

### **iv. Marketplace practices-**

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

Being a government institution it cannot be at par with the private sector in relation to cost of services. We are also offering services at a lower cost which previously was understood due to the fact that there was support from the national government in terms of constant supply of commodities. However this has also served as a blessing in disguise as it has seen us attract large numbers of patients at the facility for similar services in the private sector that cost almost double our charges.

The well outlined public laws on ethics also ensure that staff are held accountable for any financial malpractice.

#### **b. Responsible Supply chain and supplier relations**

The list of prequalified suppliers is issued by the department of health. The facility only works with suppliers on that list.

Most suppliers issue a duration for accounts payable, often 90 days. The procurement of all items at the facility is done after proper procurement processes are undertaken. Submission of requisition by user department, budgeting, budget approval, request for quotation, opening of quotations, awarding quotations, writing LPO/LSO, receiving commodities by the user and updating bin cards prior to issuing the commodities to the end user.

The facility strives to make sure that it timely processes payment to avoid any delays in future business interactions.

**c. Responsible marketing and advertising**

Majorly the facility relies on the community health promoters to market the hospital services. Other strategies put in place include holding in reaches for specific services. Sometimes through partner support the facility holds medical camps, an example is the hydrocelectomy camp conducted in partnership with AMREF in January 2024. So far we have not done any media.

**d. Product stewardship**

Our clients are empowered to report any forms of mistreatment or harassment they are subjected to at the facility. The patients' rights and responsibilities are well displayed in all service delivery points in 2 languages, English and Kiswahili.

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

The hospital through the department conducts in reaches and medical camps for free for the community. Occasionally some clients are identified who cannot shoulder their hospital bills and are forwarded for consideration of waiver through the waiver committee.

**X. Report of The Board of Management**

*\*Note. The hospital does not have a board; proposed names of board members were submitted in March 2023.*

  
.....  
Name *Dr Riziki M Muliimba*

Secretary to the Board

*3/10/2025*

## XI. Statement of Board of Management's Responsibilities

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

The Board of Management is responsible for the preparation and presentation of the hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year (period) ended on June 30, 2022. 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 hospital, (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 hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

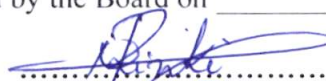
The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year ended June 30, 2022, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

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

.....  
Name:  
Chairperson  
Board of Management

  
.....  
Name: Dr. Riziki M. Mwangi  
Accounting Officer

31/10/2025

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON PORT REITZ SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2022 – MOMBASA COUNTY GOVERNMENT**

### **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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Port Reitz Sub-County Hospital set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2022 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Port Reitz Sub-County Hospital as at 30 June, 2022 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 do not comply with the County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Unsupported Balances in the Financial Statements**

The balances presented in the financial statements were not supported with trial balance and ledgers, hence the basis of preparation of the financial statements could not be established.

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

#### **2. Casting Errors in Balances Presented in the Financial Statements**

The financial statements reflected balances that differed with the re-computed balances as shown below:

<b>Component</b>	<b>Amount as per Statement of Comparison of Budget &amp; Actual Amounts (Kshs.)</b>	<b>Re-computed Amount (Kshs.)</b>	<b>Variance (Kshs.)</b>
<b>Statement of Comparison of Budget and Actual Amounts</b>			
Original budget and Final Budget – Payments	81,255,094	162,480,188	81,225,094
Actual on comparable basis	80,495,007	160,990,014	80,495,007
Performance Difference	760,087	1,520,174	760,087

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

#### **3. Unsupported Rendering of Services – Medical Services Income**

The statement of financial performance reflects rendering of services – medical services income of Kshs.90,555,778 as disclosed in Note 11 to the financial statements. The following observations were made:

- i. The Hospital uses an information system to issue invoices and collect revenue for all the services rendered. However, system reports and supporting schedules were not provided to support the total revenue of Kshs.90,555,778;
- ii. Further, the amount includes other medical services income and other medical service income – NHIF of Kshs.38,121,864 and Kshs.17,680,056 respectively which were not recorded into the cash book. Further, access to the Hospital NHIF account so as to reconcile and confirm the balances as reported in the financial statements was not granted;
- iii. In addition, review of the Hospital's records revealed that the Hospital had total delivery admissions of five thousand three hundred and forty-eight (5,348) during the year under review in respect of Linda Mama program. Given a fixed rate of Kshs.5,000 per patient for normal and caesarean section deliveries, the expected revenue for the year was Kshs.26,740,000. However, the amount was not disclosed in the statement of financial performance under rendering of services. Further, support schedules and copies of submitted claims for Linda Mama program were not provided for audit review.

In the circumstances, the accuracy and completeness of revenue from rendering of services – medical service income of Kshs.90,555,778 could not be confirmed.

#### **4. Non-Disclosure of Revenue from Rent of Facilities**

The statement of financial performance reflects nil revenue from rent of facilities. However, the rent collections register revealed that the Hospital earned rental income in 2021/2022 of Kshs.429,840 from stalls within the Hospital, out of which total receipts collected during the period was Kshs.163,100. However, the rental income of Kshs.429,840 was not disclosed in the financial statements and no lease agreements were provided in respect of the leased stalls.

In the circumstance the accuracy and completeness of the nil revenue from rent of facilities could not be confirmed.

#### **5. Variance in Employee Costs**

The statement of financial performance reflects employee costs of Kshs.341,602,577 as disclosed in Note 16 to the financial statements. However, expenditure schedule provided for audit showed that the employee cost comprised of Kshs.283,680,836 paid by the County Government to permanent and pensionable employees and Kshs.13,673,550 paid to casual employees by the Hospital, all totalling Kshs.297,354,386. The variance of Kshs.44,248,191 was not explained or reconciled.

In the circumstances, the accuracy and completeness of employee costs of Kshs.341,602,577 could not be confirmed.

## **6. Variance in Medical Costs**

The statement of financial performance and as disclosed under Note 15 to the financial statements reflects medical costs of Kshs.41,985,515 while the expenditure report/schedules provided for audit review reflected medical costs of Kshs.49,442,186, resulting in unreconciled variance of Kshs.7,456,671.

In the circumstances, the accuracy and completeness of medical costs of Kshs.41,985,515 could not be confirmed.

## **7. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.29,589,348 as disclosed in Note 27 to the financial statements. However, cash books for two (2) bank accounts were not maintained. Further, bank reconciliation statements, bank certificates and board of survey certificates in support of the cash and cash equivalents balance in three (3) bank accounts with a balance of Kshs.29,589,348 were not provided for audit review.

In addition, cashbook for the bank account held at Equity Bank Ltd reflected a balance of Kshs.13,986,528 as at 30 June, 2022 which differed with detailed analysis of cash and cash equivalents balance of Kshs.15,884,478 under Note 27(a). The difference of Kshs.1,897,950 was not explained or reconciled. Review of the cash book also revealed that the cash book was not updated and balanced on a daily basis nor checked daily by a senior officer and signed to confirm the correctness of all entries made. Bank reconciliation statements were also not completed for each month for the bank account.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.29,589,348 could not be confirmed.

## **8. Undisclosed Property, Plant and Equipment**

The statement of financial position and Note 31 to the financial statements reflect property, plant and equipment balance of Kshs.532,824. However, the Note reflects Nil balance in respect of land, buildings, motor vehicles and plant and medical equipment. In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.532,824 could not be confirmed.

## **9. Unsupported Inventory balance**

The statement of financial position and Note 30 to the financial statements reflect inventory balance of Kshs.20,535,739. However, monthly stock count sheets for pharmaceuticals and non-pharmaceuticals of undetermined value for the financial year 2021/2022 were provided for audit. As a result, it was not clear how the inventory balance of Kshs.20,535,739 as at 30 June, 2022 was arrived at.

In addition, there was no evidence of annual stock take report to confirm the balances, quantities, values and status as at 30 June, 2022.

In the circumstances, the accuracy and completeness of the inventory balance of Kshs.20,535,739 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.81,806,094 and Kshs.90,555,178 respectively, resulting to over-collection of Kshs.8,749,084 or 11% of the budget. However, the Hospital spent Kshs.80,495,007 against actual receipts of Kshs.90,555,178, resulting in an under-utilization of Kshs.10,060,171 or 11% of actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

#### **Conclusion**

The Management responsible for the Other Information set out on pages iv to xxiv which comprise of Key Hospital Information and Management, Management Team, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of 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. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on the Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Late Submission of Financial Statements to the Auditor-General

The financial statements for the Hospital were submitted to the Auditor-General on the 21 March, 2025 which was about thirty (30) months after the statutory deadline of 30 September, 2022. This was contrary to Section 164(4)(a) of the Public Finance Management Act, 2012 which provides that within three months after the end of each financial year, the accounting officer for a county entity shall submit the entity's financial statements to the Auditor-General.

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

#### 2. Failure to Prepare Monthly Revenue Reports

Management did not prepare and submit quarterly reports to the County Treasury as required by Regulations 64(1) of the Public Finance Management (County Government) Regulations, 2015 that requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15<sup>th</sup> day after the end of the quarter.

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

#### 3. Lack of an Approved Budget

The Hospital did not have an approved budget during the year under review. This was contrary to Section 149(2)(h-i) of the Public Finance Management Act, 2012 which provides that an accounting officer shall, in respect of the entity concerned prepare estimates of expenditure of the entity in conformity with the strategic plan of the entity and

submit the estimates of an entity, which is not a county corporation to the County Executive Committee member for finance.

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

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

The Hospital did not have an approved procurement plan during the year under review. This was contrary to Regulations 40(1) of the Public Procurement and Assets Disposal Regulations, 2020 that require a procuring entity to prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

#### **5. Irregular Management of Imprests**

The Hospital Management did not maintain imprests register as required by Regulation 93(4)I of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that before issuing temporary imprests the accounting officer shall ensure that the applicant imprest has been recorded in the imprests register including the amount applied for.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

##### **1. Lack of Hospital Board of Management**

During the year under review, the Hospital operated without a functional Board of Management. Therefore, functions including approval of plans, programs, estimates and any other function assigned to the Board were either not undertaken or were executed by the Management Team.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital during the year under review could not be confirmed.

## **2. Weaknesses in Identification, Collection and Accounting for Own Generated Revenue**

The statement of financial performance reflects Kshs.90,555,778 in relation to rendering of services- medical income as disclosed in Note 11 to the financial statements. However, audit review of the internal controls revealed that there was no segregation of duties in revenue collection because the same person received payments confirmation details, confirmed the receipt of funds in the account, issued the receipts and records the transactions in the cash register book.

In the circumstances, the effectiveness of internal control systems on revenue administration could not be confirmed.

## **3. Land and Buildings not Recorded in Fixed Assets Register**

Audit inspection at the Hospital in the month of July, 2025 revealed that the Hospital had assets which include land, buildings, furniture, computers and equipment. However, Management did not record land and buildings in the register. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires the Accounting Officer to maintain a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the effectiveness of internal control over fixed assets management could not be confirmed.

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

The Hospital did not have in place risk management policies, strategies, disaster recovery plan and risk register to mitigate against risk. The Hospital activities are subject to occupational and operational risk parameters and the Hospital did not have a risk management policy to mitigate possible risks by developing a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management could not be confirmed.

## **5. Failure to Conduct Internal Audit**

During the year under review, internal audit on the Hospital operations was not performed. This was contrary to Section 155(1) of the Public Finance Management Act, 2012 which provides that a county government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of internal controls at the Hospital could not be confirmed.

During the year under review, it was noted that Management had not instituted policies and procedures to guide key financial processes and controls for the management of the Hospital including finance policy, human resource policy, waiver management policy and inventory management policy.

In the circumstances, the effectiveness of internal controls at the Hospital could not be confirmed.

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

### **Responsibilities of the Management and the Board of Management**

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

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

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

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

The Board of Management is responsible for overseeing the Hospitals, 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**

**03 December, 2025**

**XIII. Statement of Financial Performance for The Year Ended 30 June 2022**

Description	Notes	2021/22	2020/21
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	0	0
In-kind contributions from the County Government	7	327,471,852	0
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		<b>327,471,852</b>	<b>0</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	90,555,778	0
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Other income ( <i>specify</i> )	14	0	0
		<b>90,555,778</b>	<b>0</b>
<b>Total revenue</b>		<b>418,027,630</b>	<b>0</b>
<b>Expenses</b>			
Medical/Clinical costs	15	41,985,515	0
Employee costs	16	341,602,577	0
Board of Management Expenses	17	0	0
Depreciation and amortization expense	18	146,576	0
Repairs and maintenance	19	5,697,563	0
Grants and subsidies	20	0	0
General expenses	21	18,821,204	0
Finance costs	22	0	0
<b>Total expenses</b>		<b>408,253,435</b>	<b>0</b>
<b>Other gains/(losses)</b>			
Gain on disposal of non-Current assets	23	0	0
Unrealized gain on fair value of investments	24	0	0

**Port Reitz Sub County Level 4 Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

---

Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
<b>Total other gains/(losses)</b>		0	0
<b>Net Surplus for the year</b>		<b>9,774,195</b>	<b>0</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus attributable to owners of the controlling hospital		<b>9,774,195</b>	<b>0</b>

- *As these are hospital's first financial statements under IPSAS, comparative information for FY2020/21 has not been presented, in line with transitional relief under IPSAS 33 (Paragraphs 77 and 79)*
- *The hospital has elected to defer the recognition and/or measurement of assets and liabilities under the three-year transitional relief in accordance with the provisions of Paragraph 36 of IPSAS 33. Progressive efforts are underway to identify, value, and incorporate these assets in future reporting periods in accordance with applicable IPSASs.*

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

.....  
**Chairman**

**Board of Management**

*Rahab Karuki*  
.....  
**Head of Finance**

**ICPAK No:**

*3/10/2025*

*Dr. Riziki M. Muliimba*  
.....  
**Medical Superintendent**

*3/10/2025*

**XIV. Statement of Financial Position as of 30<sup>th</sup> June 2022**

<b>Description</b>	<b>Notes</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	29,589,348	20,208,577
Receivables from exchange transactions	28	10,093,655	1,570,900
Receivables from non-exchange transactions	29	600	0
Inventories	30	20,535,739	21,941,563
<b>Total Current Assets</b>		<b>60,219,342</b>	<b>43,721,040</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	532,824	0
Intangible assets	32	0	0
Investment property	33	0	0
<b>Total Non-current Assets</b>		<b>532,824</b>	<b>0</b>
<b>Total assets</b>		<b>60,752,165</b>	<b>43,721,040</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	6,486,465	6,346,465
Refundable deposits from customers/Patients	35	0	0
Provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of deferred income	38	0	0
Current portion of borrowings	39	0	0
<b>Total Current Liabilities</b>		<b>6,486,465</b>	<b>6,346,465</b>
<b>Non-current liabilities</b>			
Provisions	36	0	0
Non-Current Finance lease obligation	37	0	0
Non-Current portion of deferred income	38	0	0
Non - Current portion of borrowings	39	0	0
Service concession liability	40	0	0
<b>Total Non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>6,486,465</b>	<b>6,346,465</b>

**Port Reitz Sub County Level 4 Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Net assets		54,265,700	37,374,575
Revaluation reserve		0	0
Accumulated surplus/Deficit		9,774,195	37,374,575
Capital Fund		44,491,506	0
<b>Total Net Assets and Liabilities</b>		<b>54,265,700</b>	<b>37,374,575</b>

- *As these are hospital's first financial statements under IPSAS, comparative information for FY2020/21 has not been presented, in line with transitional relief under IPSAS 33 (Paragraphs 77 and 79)*
- *The hospital has elected to defer the recognition and/or measurement of assets and liabilities under the three-year transitional relief in accordance with the provisions of Paragraph 36 of IPSAS 33. Progressive efforts are underway to identify, value, and incorporate these assets in future reporting periods in accordance with applicable IPSAS.*

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

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

..... *Rahab Kanuki* .....  
 .....  
**Head of Finance** *[Signature]*  
**ICPAK No:**  
*3/10/2025*

..... *Dr. Riziki Mumba* .....  
 .....  
**Medical Superintendent** *[Signature]*  
*3/10/2025*

**XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022**

	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at June 30, 2022 (1st time Adoption of Accrual Basis)	-	-	20,208,577	20,208,577
<b>Adjustments: To recognize assets &amp; Liabilities</b>				
Receivables from exchange transactions	-	-	1,570,900	1,570,900
Inventories	-	-	21,941,563	21,941,563
Trade and other payables			(6,346,465)	(6,346,465)
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
<b>At July 1, 2021</b>	-	-	<b>37,374,575</b>	<b>37,374,575</b>
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,774,195	-	9,774,195
Other changes	-	-	7,116,930	7,116,930
<b>At June 30, 2022</b>	-	<b>9,774,195</b>	<b>44,491,506</b>	<b>54,265,700</b>

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

.....	Rahab Kariuki	Dr. Riziki M. Mumbwa
..	..	..
<b>Chairman</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>
<b>Board of Management</b>	ICPAK No:	
	3/10/2025	3/10/2025

**XVI. Statement of Cash Flows for The Year Ended 30 June 2022**

Description		2021/22	2020/21
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		90,555,178	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Other receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>90,555,178</b>	-
<b>Payments</b>			
Medical/Clinical costs		41,845,515	-
Employee costs		14,130,725	-
Board of Management Expenses		-	-
Repairs and maintenance		5,697,563	-
Grants and subsidies		-	-
General expenses		18,821,204	-
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>80,495,007</b>	-
<b>Net cash flows from operating activities</b>	41	<b>10,060,171</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, & intangible assets		(679,400)	-
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(679,400)</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>		-	-

**Port Reitz Sub County Level 4 Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Description		2021/22	2020/21
	Note	Kshs	Kshs
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,380,771</b>	-
Cash and cash equivalents at 1 July	27	20,208,577	-
<b>Cash and cash equivalents at 30 July</b>	27	<b>29,589,348</b>	-

- As these are the hospital's first financial statements under IPSAS, comparative information for FY2020/21 has not been presented, in line with transitional relief under IPSAS 33 (Paragraphs 77 and 79)

(IPSAS 2 allows a hospital to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

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

.....	Rahab Karuki	Dr. Riziki Mulumba
..	..	..
<b>Chairman</b>	<b>Head of Finance</b>	<b>Medical Superintendent</b>
<b>Board of Management</b>	<b>ICPAK No:</b>	
	3/10/2025	3/10/2025

**XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Transfers from the County Government	-		-	-	-	
Grants from donors and development partners	-		-	-	-	
Transfers from other Government entities	-		-	-	-	
Public contributions and donations	-		-	-	-	
Rendering of services- Medical Service Income	81,806,094		81,806,094	90,555,178	(8,749,084)	111%
Revenue from rent of facilities	-		-	-	-	-
Finance / interest income	-		-	-	-	-
Other receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total income</b>	<b>81,806,094</b>		<b>81,806,094</b>	<b>90,555,178</b>	<b>(8,749,084)</b>	<b>111%</b>
<b>Expenses</b>						
Medical/Clinical costs	40,972,171	-	40,972,171	41,845,515	(873,344)	102%
Employee costs	14,869,304	-	14,869,304	14,130,725	738,579	95%
Remuneration of directors						
Repairs and maintenance	5,315,060	-	5,315,060	5,697,563	(382,503)	107%
Grants and subsidies	20,098,559	-	20,098,559	18,821,204	1,277,355	94%
General expenses	81,255,094	-	81,255,094	80,495,007	760,087	99%
Finance costs		-		-	-	
<b>Total expenses</b>	<b>81,255,094</b>	<b>-</b>	<b>81,255,094</b>	<b>80,495,007</b>	<b>760,087</b>	<b>99%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,060,171</b>	<b>(9,509,171)</b>	<b>-</b>
<b>Capital expenditure</b>	<b>551,000</b>	<b>-</b>	<b>551,000</b>	<b>679,400</b>	<b>(128,400)</b>	<b>123%</b>

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

.....  
Chairman  
Board of Management

*Kahab Kariuki*  
.....  
Head of Finance *Hluu*  
ICPAK No:  
*3/10/2025*

*Dr. Riziki J. MUKIMBA*  
.....  
Medical Superintendent  
*Riziki*  
*3/10/2025*

## **XVIII. Notes To the Financial Statements**

### **1. General Information**

Port Reitz Hospital is established by the county government of Mombasa and derives its authority and accountability from PFM Act. The hospital is wholly owned by the Mombasa County Government and is domiciled in Changamwe Sub-County. The hospital's principal activity is health service delivery.

### **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 stipulated accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital.

The financial statements have been prepared in accordance with the PFM Act, and 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**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to COVID 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

*Notes to the Financial Statements (Continued)*

**i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

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

**Port Reitz Sub County Level 4 Hospital (Mombasa County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022**

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the hospital's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</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</p>

Standard	Effective date and impact:
	<p>information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a Hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><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>

**ii. Early adoption of standards**

The hospital did not early – adopt any new or amended standards in the year ending 2022

**4. Summary Of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other Government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services, and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the hospital and can be measured reliably.

*Notes to the Financial Statements (Continued)*

**Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the hospital's right to receive payments is established.

**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 2022 was approved by the board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the hospital upon receiving the respective approvals in order to conclude the final budget. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

*Notes to the Financial Statements (Continued)*

**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.

**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 10 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 hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

*Notes to the Financial Statements (Continued)*

#### **f) Leases**

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

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

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

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

#### **g) Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h) Research and development costs**

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

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

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

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Hospital determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Notes to the Financial Statements (Continued)*

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Hospital has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Hospital assesses at each reporting date whether there is objective evidence that a financial asset or a hospital of financial assets is impaired. A financial asset or an hospital of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the hospital of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an hospital of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Hospital determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Notes to the Financial Statements (Continued)*

**Loans and borrowing**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) Inventories**

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

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

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

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

**j) Provisions**

Provisions are recognized when the Hospital has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Hospital expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

*Notes to the Financial Statements (Continued)*

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

**Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an hospital pays fixed contributions into a separate hospital (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.

*Notes to the Financial Statements (Continued)*

**n) Foreign currency transactions**

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

**o) 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.

**p) Related parties**

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

**q) Service concession arrangements**

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

*Notes to the Financial Statements (Continued)*

**r) 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.

**s) Comparative figures**

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

**t) 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, 2022

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

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

**Estimates and assumptions**

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

*Notes to the Financial Statements (Continued)*

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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).*

**6. Transfers From The County Government**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Unconditional grants</b>		
Operational grant	-	-
Level 5 grants	-	-
Other grants	-	-
	-	-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

Transfers from the County Government

Name of the Hospital sending the grant	Amount recognized to Statement of financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	Total 2020/21
			Kshs	Kshs	Kshs
Mombasa County Government	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	Kshs	Kshs
Salaries and wages	327,471,852	-
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>327,471,852</b>	<b>-</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	2021/22	2020/21
	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>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

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

Name of the Hospital 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	Total 2020/21
	Kshs	Kshs	Kshs	Kshs	Kshs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

9. Transfers From Other Government Entities

Description	2021/22	2020/21
	Kshs	Kshs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	2021/22	2020/21
	Kshs	Kshs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2021/22	2020/21
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

11. Rendering of Services-Medical Service Income

Description	2021/22	2020/21
	Kshs	Kshs
Pharmaceuticals	11,534,495	-
Non-Pharmaceuticals	3,482,276	-
Laboratory	7,839,747	-
Radiology	3,235,800	-
Orthopedic and Trauma Technology	1,215,630	-
Theatre	1,679,575	-
Accident and Emergency Service	0	-
Anaesthesia Service	0	-
Ear Nose and Throat service	0	-
Nutrition service	6,300	-
Cancer centre service	0	-
Dental services	1,651,270	-
Reproductive health	185,900	-
Paediatrics services	322,440	-
Farewell home services	3,522,425	-
Ambulance services	78,000	-
Other medical services income	38,121,864	-
Other medical services income NHIF	17,680,056	-
<b>Total revenue from the rendering of services</b>	<b>90,555,778</b>	-

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2021/22	2020/21
	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	2021/22	2020/21
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	-

(Provide brief explanation for this revenue)

14. Other Income

Description	2021/22	2020/21
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc.)	-	-
<b>Total other income</b>	-	-

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021/22	2020/21
	Kshs	Kshs
Dental costs/ materials	1,107,000	-
Laboratory chemicals and reagents	3,758,673	-
Food and Ration	14,893,239	-
Uniform, clothing, and linen	985,360	-
Dressing and Non-Pharmaceuticals	6,744,923	-
Pharmaceutical supplies	7,106,627	-
Health information stationery	1,624,450	-
Reproductive health materials	0	-
Sanitary and cleansing Materials	2,507,940	-
Purchase of Medical gases	0	-
X-Ray/Radiology supplies	762,600	-
Other medical related clinical costs (oxygen)	1,220,183	-
Other medical related clinical costs (refund for services not rendered)	29,000	-
Other medical related clinical costs-others	1,143,520	-
Other medical related clinical costs (Therapy Appliances)	102,000	-
<b>Total medical/ clinical costs</b>	<b>41,985,515</b>	<b>-</b>

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

16. Employee Costs

Description	2021/22	2020/21
	Kshs	Kshs
Basic salaries of permanent employees- In-kind contribution (Paid by Executive)	327,471,852	-
Salaries, wages, and allowances (Casual)	13,841,125	-
Contributions to pension schemes	289,600	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
<b>Employee costs</b>	<b>341,602,577</b>	<b>-</b>

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

Notes to the Financial Statements (Continued)

Board of Management Expenses

Description	2021/22	2020/21
	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	2021/22	2020/21
	Kshs	Kshs
Property, plant and equipment	146,576	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>146,576</b>	<b>-</b>

19. Repairs And Maintenance

Description	2021/22	2020/21
	Kshs	Kshs
Property- Buildings	4,988,776	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	708,787	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>5,697,563</b>	<b>-</b>

Notes to the Financial Statements (Continued)

Grants And Subsidies

Description	2021/22	2020/21
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

21. General Expenses

Description	2021/22	2020/21
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Fuel Oil and Lubricants	2,777,010	-
Audit fees	-	-
Bank charges	47,660	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	7,517,319	-
Electricity expenses	4,578,800	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	221,800	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	9,450	-
Printing and stationery	1,903,695	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	1,134,090	-
Skills development levies	-	-
Telephone and mobile phone services	336,000	-

*Port Reitz Sub County Level 4 Hospital (Mombasa County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

Description	2021/22	2020/21
	Kshs	Kshs
Internet expenses	295,380	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>18,821,204</b>	<b>-</b>

**22. Finance Costs**

Description	2021/22	2020/21
	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>

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

**23. Gain/Loss On Disposal Of Non-Current Assets**

Description	2021/22	2020/21
	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>

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

Description	2021/22	2020/21
	Kshs	Kshs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements (Continued)

Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	Kshs	Kshs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	-	-

26. Impairment Loss

Description	2021/22	2020/21
	Kshs	Kshs
Property, plant, and equipment	-	-
Intangible assets	-	-
<b>Total impairment loss</b>	-	-

27. Cash And Cash Equivalents

Description	2021/22	2020/21
	Kshs	Kshs
Current accounts-National Bank 01001036194800	728,848	587,178
Current accounts-Equity Bank 1200280147958	15,884,478	14,213,886
Current accounts-KCB Bank 1158027249	12,976,022	5,407,513
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>29,589,348</b>	<b>20,208,577</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		2021/22	2020/21
Financial institution	Account number	Kshs	Kshs
<b>a) Current account</b>			
Kenya Commercial bank	1158027249	12,976,022	5,407,513
Equity Bank	1200280147958	15,884,478	14,213,886
National Bank	01001036194800	728,848	587,178
<b>Sub- total</b>		<b>29,589,348</b>	<b>20,208,577</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0	0
Equity Bank – etc.		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>c) Fixed deposits account</b>			
Bank Name		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>d) Others(specify)</b>			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>		<b>29,589,348</b>	<b>20,208,577</b>

28. Receivables From Exchange Transactions

Description	2021/22	2020/21
	Kshs	Kshs
Medical services receivables	10,093,655	1,570,900
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
<b>Total receivables</b>	<b>10,093,655</b>	<b>1,570,900</b>

Notes to the Financial Statements (Continued)

29. Receivables From Non-Exchange Transactions

Description	2021/22	2020/21
	Kshs	Kshs
Transfers from the County Government	600.00	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	<b>600.00</b>	<b>-</b>

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

30. Inventories

Description	2021/22	2020/21
	Kshs	Kshs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
X-Ray/Radiology supplies	272,500	281,011
Non-Pharmaceuticals supplies	4,876,508	6,029,318
Medical Drugs supplies	13,407,130	12,774,238
Medical Records	326,020	517,995
Laboratory supplies	1,037,211	2,025,766
Cleaning materials supplies	415,490	157,735
General supplies	200,880	155,500
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>20,535,739</b>	<b>21,941,563</b>

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Shs		Shs	Shs	Shs	Shs	Shs	Shs
<b>Cost</b>								
At 1 <sup>st</sup> July 2020	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-	-	-	-
At 1 <sup>st</sup> July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	383,000	296,400	-	-	679,400
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	<b>383,000</b>	<b>296,400</b>	-	-	<b>679,400</b>



Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021/22	2020/21
	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

33. Investment Property

Description	2021/22	2020/21
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	-	-
At end of the year	-	-

34. Trade And Other Payables

Description	2021/22	2020/21
	Kshs	Kshs
Trade payables	6,486,465.00	6,346,465.00
Employee dues	-	-
Third-party payments (unremitted payroll deductions)	-	-
Audit fee	-	-
Doctors' fee	-	-
<b>Total trade and other payables</b>	<b>6,486,465.00</b>	<b>6,346,465.00</b>

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	Kshs	Kshs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others ( <i>specify</i> )	-	-
<b>Total deposits</b>	-	-

36. 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>	-	-	-	-

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22	2020/21
	Kshs	Kshs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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

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

39. Borrowings

Description	2021/22	2020/21
	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)*

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

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	<b>-</b>	<b>-</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).*

**40. Service Concession Arrangements**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**41. Cash Generated from Operations**

	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus for the year before tax</b>	9,774,194.80	-
<b>Adjusted for:</b>		
Depreciation	146,576.20	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets		-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(600.00)	-
Increase in deferred income	-	-
Increase in payables	140,000.00	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>10,060,171.00</b>	<b>-</b>

*Notes to the Financial Statements (Continued)*

**42. Financial Risk Management**

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

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

**(i) Credit risk**

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

*Notes to the Financial Statements (Continued)*

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>	-	-	-	-
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 hospital's statement of financial position)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

*Port Reitz Sub County Level 4 Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**(iii) Market risk**

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

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

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

**a) Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-

**Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**iv) Capital Risk Management**

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

	2021/22	2020/21
	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>	0%	0%

**43. Related Party Balances**

**Nature of related party relationships**

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

Mombasa County is the principal shareholder of the hospital, holding 100% of the hospital’s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the hospital, both domestic and external.

*Port Reitz Sub County Level 4 Hospital (Mombasa County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2022*

Description	2021/22	2020/21
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to	-	-
Sales of services	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

*Notes to the Financial Statements (Continued)*

**44. Segment Information**

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

**45. Contingent Liabilities**

<b>Contingent liabilities</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Court case against the company	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

*(Give details)*

**46. Capital Commitments**

<b>Capital Commitments</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

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

**47. Events After The Reporting Period**

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

**48. Ultimate And Holding Hospital**

The hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Health. Its ultimate parent is the Government of Kenya.

**49. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**XIX. Appendices**

**Appendix 1: Progress on Follow up Of Auditor Recommendations**

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

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

**Guidance Notes:**

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

*Dr. Riziki Muliya*  
 Accounting Officer  
 (To be signed by the accounting officer of the Hospital)  
 3/10/2025

**APPENDIX II: Projects Implemented by the Hospital**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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

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

**APPENDIX IV: Inter-Hospital Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary hospital]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary hospital]</i> as at 30 <sup>th</sup> June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by <i>[beneficiary hospital]</i> (Kshs) as at 30 <sup>th</sup> June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total							

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

**Head of Accountants department of beneficiary hospital:**

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

**APPENDIX V Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of Medical Sup/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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



**APPENDIX VI Disaster Expenditure Reporting Template**

Date:						
Hospital						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments