

REPUBLIC OF KENYA



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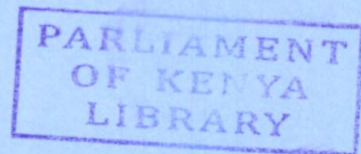
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON



PORT REITZ SUB-COUNTY HOSPITAL
MOMBASA COUNTY GOVERNMENT

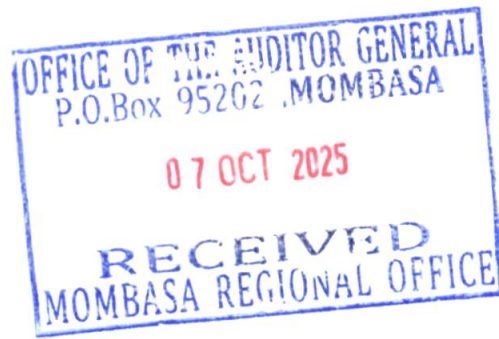
FOR THE YEAR ENDED
30 JUNE, 2023

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COUNTY GOVERNMENT OF MOMBASA



PORT REITZ SUB COUNTY HOSPITAL LEVEL 4 (Mombasa County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

AIE	Authority to Incur Expenditure
AHF	Aids Healthcare Federation
CSR	Corporate Social Responsibility
DOH	Department of Health
EEC	Executive Expenditure Committee
FIF	Facility Improvement Fund
FY	Financial year
HAO	Administrative Officer
HMT	Management Team
HOD	Head of Department
KEMSA	Kenya Medical Supplies Authority
KMTC	Kenya Medical Training College
PRSCH	Port Reitz Sub-county
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
MOH	Ministry of Health
MSF	Medicines San Frontiers
NHIF	National Insurance Fund
NBU	New Born Unit
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
USAID	United States Agency for International Development

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

2. Key Hospital Information and Management

(a) Background information

Port Reitz sub-county (PRSCH) is a level 4 public reg no. GK 004491 and is domiciled in Mombasa County under the Health Department. The hospital is governed by an active management team comprising of the top administration and the various department heads. The does not have a board.

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 specializing in TB treatment and care thus the name Portreitz Chest . It later expanded to offer a wide array of services growing into a multispecialty that it is today.

The catchment population for PRSCH is 100,000, but it serves residents of Changamwe and Jomvu sub-counties which combined is over 300,000. The facility has records of serving clients from bordering counties of Kwale, Kilifi, and Taita Taveta and beyond. The mental unit has also hosted patients from the larger East Africa community.

(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. In-patient services male ward, female ward, paediatric ward, maternity and mental unit. Special clinics which are run by consultants including medical out-patient clinic, gynaecology clinic, surgical clinic, paediatric clinic and dermatology clinic.

(c) Key Management

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

- County department of health
- Chief officer Clinical Services-department of health

- Director Clinical Services-department of health
- Medical Superintendent
- Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr.Rehana Khan
2.	Head of Accounts	David Kitavi
3.	Administrative Officer	Elizabeth Mule
4.	Nursing Officer In-charge	Christine Owila
5.	Human Resource Officer	Mohammed Salim
6.	Head of Supply Chain	James Ziro
7.	Human Resource Officer	Mohammed Salim
8.	Commodity Nurse	Sophia Bahati
9.	Pharmacist In charge	Dr.Salim Said
10.	HOD Obstetrics and Gynecology	Dr. Wambua Mulatya
11.	HOD Pediatrics	Dr. Madiha Sultan
12.	HOD Dermatology	Dr. Rukiya Abdillahi
13.	HOD Dental	Dr. Rubina Ebrahim
14.	HOD Surgery	Dr. Heri Hassan
15.	HOD Psychiatry	Dr. Janbibi Yusuf
16.	HOD Ophthalmology	Dr. Nadia Mustafa
17.	Laboratory Incharge	Zulekha Omar
18.	Psychologist	Nana Ali
19.	Nutritionist	Finlay Nyachienga
20.	Health Records and Information Officer	Kennedy Muriki
21.	Medical Social Worker	Grace Nakaya
22.	Clinical Officer Incharge	Roseline Kerubo
23.	Occupational Therapy incharge	Masila Muthembwa
24.	Physiotherapist	Peter Muteti
25.	ICT officer	Norbert Nyakundi
26.	Radiographer	Peter Opany
27.	Biomedical Engineer	David Wesonga
28.	Supply Chain officer	Florence Muluko

No.	Designation	Name
29.	Nursing officer incharge-postnatal ward	Sylvia Dzombo
30.	Nursing officer incharge-male ward	Lucy Muthee
31.	Nursing officer incharge-female ward	Dorcas Maweu
32.	Nursing officer incharge-pediatrics ward	Jane Nzovu
33.	Nursing officer incharge-Maternity	Zulfa Mzamil
34.	Chef	Patrick Tsaka

(e) 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 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

For each of the mentioned committees there is senior officer from the department of health who offer support and guidance to the facility. There is also the parliamentary health committee at the legislative level



Key Hospital Information and Management (continued)

(d) Headquarters

Portreitz Sub-County Hospital
P.O. Box 90502-80100
Port Reitz Road
Mombasa

(e) Contacts

Telephone: (+254) 720 419 492
E-mail: medsuptrdh@yahoo.com

(f) 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

(g) Independent Auditors

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

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112

City Square 00200
Nairobi, Kenya

(i) County Attorney

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

3. The Board of Management

The hospital does not have an active board. Names were proposed to the governor awaiting appointment.

4. Key Management Team

Ref	Management	Details
1	 Dr. Rehana Khan Bachelor's degree in Medicine and Surgery	Oversee all administrative and clinical matters at the facility as the facility accounting officer.
2	 Christine Owila Diploma in Nursing	Oversee administrative and clinical issues related to nursing care and treatment.
3	 Elizabeth Mule Bachelors of Business Administration (HR Option)	Manage all other administrative duties supporting smooth running of day to day services at the facility
4	 David Kitavi Bachelors of Commerce (Accounting)	Handle finances by ensure there are adequate reports related to revenue of the facility

5	 William Ngala Diploma in Management	Oversee staff welfare.
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5. Chairman's Statement

The hospital does not have an active board. Names were proposed to the governor awaiting appointment.

6. Report of The Medical Superintendent

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.

SOURCE	AMOUNT
FIF	77,194,653.00
LINDA MAMA	11,052,080
NHIF	21,440,491
TOTAL	109,687,107

In the year under reporting the facility did not introduce any new services, rather worked to enhance existing services to offer better care and quality.

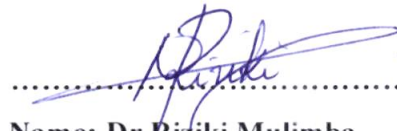
Continued partner support in various areas such as capacity building has also ensured continuity of service delivery. Partners such as USAID-STAWISHA, AHF, KMTC, MSF among other institutions.

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.

Port Reitz Sub County Level 4 (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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.


..... 7/10/23
Name: Dr. Riziki Mulimba
Secretary to the Board

7. 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.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: 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.
2: Expand the scope of service delivery to fully conform to level 4 status.	Address the key disease burdens in the community by providing comprehensive clinical care	Reduced burden of both communicable and non-communicable diseases.	Construction of specialist clinics. Introduction of new specialties i.e. orthopedic surgery, specialist endocrinologist,	Improved patients outcomes Improved revenue

		Improved patient outcomes through key performance indicators	ophthalmology etc. Institute an NBU	
3: Promote financial accountability	To maximize of facility collections	Reconciliation reports. Internal audits	Submission of financial reports and internal audit activities. Decentralization of cash points for ease of monitoring and reporting.	Less revenue leaks. Improved collection both FIF and external (NHIF) collections
4. Leadership and governance	Provide quality leadership at the hospital to ensure there is overall accountability and ownership of the workplace by all.	Reduced number of HR related problems. Motivated workforce.	HMT meeting minutes. Activation of various committees and their meeting minutes. Staff released for training/capacity building in leadership	has strengthened its leadership and governance
5. Human Resource	Improve the HRH gaps by lobbying for additional staff.	Increased number of staff.	Submission of staff attrition report	Reduced staff shortage leading to improved service delivery/patient care.

	Ensure staff have a supportive working environment to meet the set performance targets	Staff appraisals duly filled	Setting departmental targets.	
6:Health Infrastructure	Improve the facility through renovations as well as seeking support for expansion to accommodate new services.	Number of renovation works done. New structures erected	Request for bill of quantities. Submission of project proposals.	Unfortunately no project was undertaken in this.

The s performance objectives are guided by the department's larger goals, through annual work plans and annual performance reviews, the hospital gauges its performance and picks areas of improvement and priority for the next fiscal year. Challenges are noted and possible solutions are captured at both levels.

8. Corporate Governance Statement

The hospital does not have a board.

9. Management Discussion and Analysis



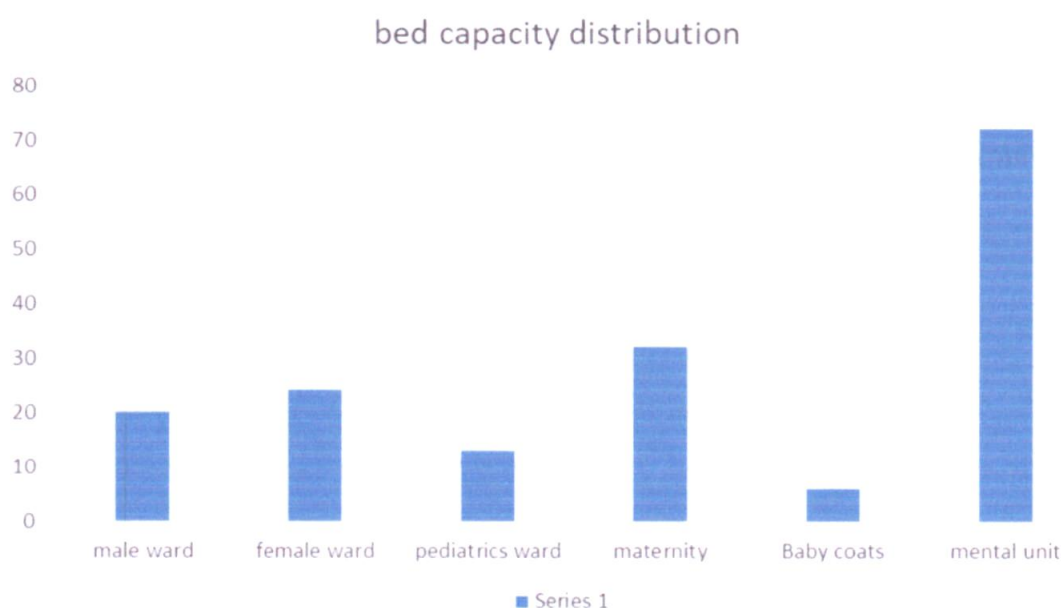
PRSCH has been struggling to overcome its financial debts that go way back to pre-devolution era (approximately 13 million) before health was devolved. The management team has been purposeful to allocate funds to current needs while at the same time trying to off-set the debts each quarter/financial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

The facility planned to undertake several infrastructural projects such as renovation of mental unit, partial removal of asbestos roofing, repair of leaking roofs to mention a few. 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.

Clinical/operational performance

- **Bed capacity of the hospital.**

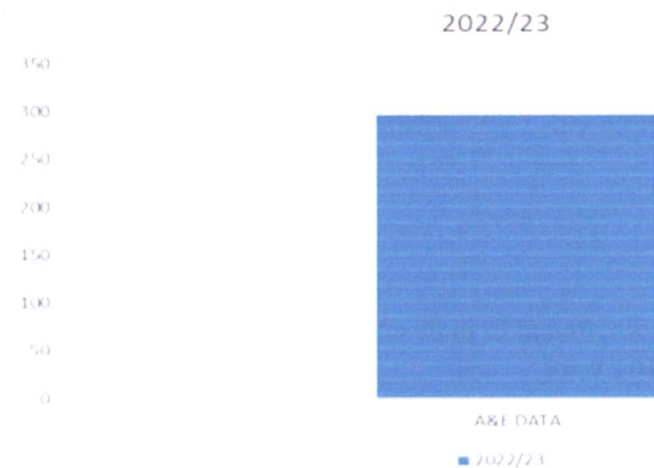
The hospital boasts of 168 beds in the main hospital distributed to male and female ward, pediatric ward, maternity, mental unit and 6 baby coats in the paediatric ward.



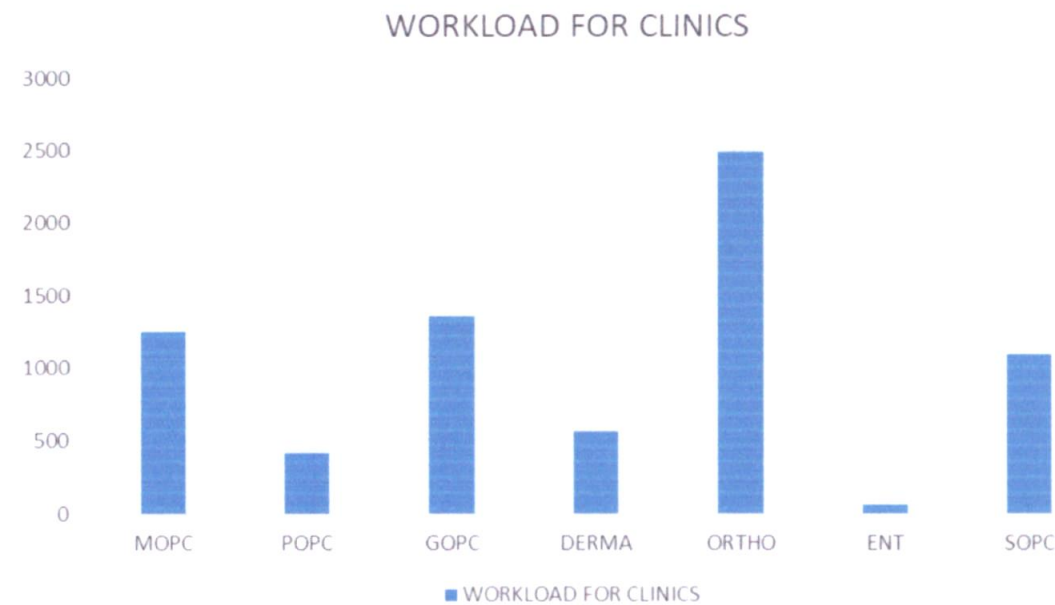
- **Overall patient attendance during the year for both inpatient and outpatient.**

- **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.



• **Specialized 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 theatre served a total of 1474 cases. This is a combination of major, minor and cold theatre cases conducted by the specialists and the medical officers.

- *Sponsorships and partnerships*

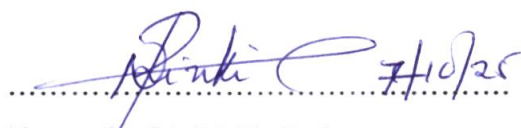
The facility has had a number of engagements with various partners including: MOH, DOH, Kenya Pipeline Foundation, USAID, KEMSA, and MSF to mention a few who have been vital in supporting services at the facility in one way or another.

Financial performance: -

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

Funds utilization is allocated based on availability.

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.


.....

Name: Dr. Riziki Mulimba

Secretary to the Board

10. 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 has 2 condemned incinerators and one oven microwave that was setup 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 bills and are forwarded for consideration of waiver through the waiver committee.

11. Report of The Board of Management

The hospital does not have a board.

 7/10/25

Name: Dr. Riziki Mulimba

Secretary to the Board

12. 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, 2023. 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 and (– entities should quote applicable legislation as indicated under). 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, 20xx, 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 Mulimba

Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PORT REITZ SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2023 – 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 Level 4 Hospital set out on pages 1 to 55, which comprise of the statement of financial position

as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Level 4 Hospital as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and 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. The basis for preparation of the financial statements could therefore not be established.

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

2. Inaccuracies in the Financial Statements

2.1 Variances Between the Financial Statement and Re-computed Balances

The financial statements reflect balances that differ with the re-computed balances as shown below:

Component	Amount as per Financial Statements (Kshs.)	Re-computed Amount (Kshs.)	Variance (Kshs.)
Statement of Financial Performance			
Net surplus/ (deficit) for the year	9,774,195	9,789,945	15,750
Statement of Financial Position			
Total net assets and liabilities – opening balance	60,752,165	54,265,700	6,486,465

Component	Amount as per Financial Statements (Kshs.)	Re-computed Amount (Kshs.)	Variance (Kshs.)
Accumulated surplus	7,341,338	17,115,533	9,774,195
Capital Fund	60,153,058	50,378,358	9,774,700
Statement of Cashflows			
Net cashflow from operating activities – opening balance	10,060,171	10,044,421	15,750
Net Increase/(decrease) in cash and cash equivalents – opening balance	9,380,771	9,365,021	15,750
Cash and cash equivalents	29,589,348	29,573,598	15,750
Notes to the financial statement			
Cash generated from operations – opening balance	10,060,171	9,920,771	139,400

2.2 Variances Between the Financial Statements Opening Balances and Previous Year's Audited Balances

The financial statements presented for audit reflect comparative balances that differ with the prior year's audited balances as shown below:

Component	2023/2024 Comparative Balances (Kshs.)	2021/2022 Audited Balances (Kshs.)	Variance (Kshs.)
Statement of financial performance			
Rendering of services – medical service income	90,571,528	90,555,778	15,750
Statement of Financial Position			
Total net assets and liabilities	60,752,165	54,265,700	6,486,465
Statement of Cashflows			

Component	2023/2024 Comparative Balances (Kshs.)	2021/2022 Audited Balances (Kshs.)	Variance (Kshs.)
Rendering of services – medical service income	90,570,928	90,555,178	15,750
Medical clinical costs	41,861,265	41,845,515	15,750
Notes to the financial statement			
Cash generated from operations			
Surplus for the year before tax	9,914,195	9,774,195	140,000
Increase in payables	0	140,000	140,000

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

3. Unsupported Revenue from Exchange Transactions

The statement of financial performance and Note 11 to the financial statements reflect rendering of services – medical service income of Kshs.108,380,701. The following observations were made:

- i. During the audit, it was noted that the Hospital uses an ERP 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.108,380,701.
- ii. The amount includes Linda Mama reimbursements of Kshs.6,371,320. However, given reimbursements for normal and caesarean section deliveries of Kshs.5,000 per patient and the Hospital's total admissions of five thousand eight hundred and eighteen (5,818) for the financial year 2022/23, the expected revenue was Kshs.29,090,000. The variance of Kshs.22,718,680 in the Linda Mama reimbursement revenue was not explained. Further, supporting schedules and copies of submitted claims were not provided for audit review.
- iii. The statement of financial performance and Note 11 to the financial statements reflects rendering of services – medical service income of Kshs.108,380,701. The amount includes other medical services income, not specified of Kshs.44,025,270 and Other medical services income (NHIF) of Kshs.24,769,775. However, the revenue was not supported by schedules and could not be traced to the cashbook. Further, the Hospital NHIF Account statements were not provided to facilitate reconciliation and confirmation of the balances reported in the financial statements.

In the circumstances, the accuracy and completeness of rendering of services – medical service income of Kshs.108,380,701 could not be confirmed.

4. Inaccuracies in Medical Costs Expenses

The statement of financial performance and as disclosed under Note 15 to the financial statements reflects medical costs of Kshs.56,469,300. However, the expenditure schedules provided for audit review reflected medical costs of Kshs.47,106,860, resulting in an unreconciled variance of Kshs.9,362,440.

In the circumstances, the accuracy and completeness of medical costs of Kshs.56,469,300 could not be confirmed.

5. Understatement of Employee Costs

The statement of financial performance reflects employee costs Kshs.339,784,780 as disclosed in Note 16 to the financial statements. However, schedules in support of the amount indicated that the expenditure comprised of Kshs.293,707,196 paid by the County Government to permanent and pensionable employees and Kshs.13,435,298 paid by the Hospital to casual employees, all totalling Kshs.307,142,494. The variance of Kshs.32,642,286 was not explained or reconciled. Further, review of payrolls for the financial year 2022/2023 revealed that the amount paid to casual employees totalled Kshs.17,520,700, resulting in a variance of Kshs.4,085,402 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of employee cost of Kshs.339,784,780 could not be confirmed.

6. Inaccuracies in Cash and Cash Equivalents Balance

The statement of financial position reflects a cash and cash equivalents balance of Kshs.36,467,967 as disclosed in Note 27 to the financial statements. However, the following anomalies were noted:

6.1 Undisclosed Cashbook Balance

As disclosed in Note 27, the cash and cash equivalents balance of was held in three bank accounts. However, cheque books provided for audit review revealed that a bank account held in one of the commercial banks was operational during the year but the balance in the account was not disclosed in the financial statements. Management explained that the bank account number was changed to another account number already disclosed in the financial statements. However, no evidence was provided in support of the change.

In addition, cashbook for the National Bank of Kenya account reflected a balance of Kshs.1,463,878 as at 30 June, 2023 that differed with the balance reflected in the financial statements of Kshs.5,956,862. The difference of Kshs.4,492,984 was not explained or reconciled.

6.2 Unsupported Cash and Cash Equivalents Balance

Bank reconciliation statements, bank certificates and board of survey certificates in support of the cash and cash equivalents balance for three bank accounts totalling Kshs.36,467,967 were not provided for audit review. Additionally, cashbooks for the two

bank accounts were also not provided to support the balances disclosed in the financial statements.

6.3 Unconfirmed Brought Forward and Closing Balances

The balance of Kshs.11,495,905 as at 30 June, 2023 in Kenya Commercial Bank account differs with the balance of Kshs.1,463,828 as at 1 July, 2023 reflected in cashbook. The difference of Kshs.10,032,077 was not explained or reconciled.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.36,467,967 could not be confirmed.

7. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 34 to the financial statements reflects trade and other payables balance of Kshs.6,486,465. However, the balance was not supported with general ledgers and a detailed schedule indicating the opening balance, additions during the year, amount paid during the year and the closing balance.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.6,486,465 could not be confirmed.

8. Unconfirmed Inventory Balance

The statement of financial position and Note 30 to the financial statements reflects inventory balance of Ksh.13,940,641. However, there was no evidence of annual stock take report as at 30 June, 2024 to confirm the quantities, value and status of the inventory balances.

In the circumstances, the accuracy and completeness inventory balance of Ksh.13,940,641 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Port Reitz Sub County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.104,994,888 and Kshs.108,432,438 respectively, resulting to over-collection of Kshs.3,437,550 or 3% of the budget. Similarly, the statement reflects expenditure of Kshs.100,857,484 against actual receipts of

Kshs.108,432,438, resulting in under-utilization of Kshs.7,574,954 or 7% 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 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

The Management responsible for the Other Information set out on pages iii to xxiv which comprise of Key Hospital Information and Management, Key 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

The financial statements for the Hospital were submitted to the Auditor-General on the 21 March, 2025 or eighteen (18) months after the statutory deadline of 30 September, 2023. 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 Governments) Regulations, 2015 that requires the Accounting Officer or receiver of revenue or collector of revenue to prepare a quarterly report not later than the 15th day after the end of the quarter.

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

3. Lack of 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 Asset 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, the Hospital Management was in breach of the law.

5. Irregular Management of Imprests

Review of imprest records revealed that the Hospital did not maintain an imprests register, as required by Regulation 93(4)(c) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that 'before issuing temporary imprests

under paragraph (2), 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. Weaknesses in Revenue Management

Review of the revenue records maintained by the Hospital revealed internal control weaknesses as detailed below:

- 1.1 Revenue generated by the Hospital was recorded as receipts in the cashier's register and a collection summary generated by an ERP system in operation at the Hospital. However, reconciliation between the cashier's register and the collection summary were not carried out. In addition, the amount recorded as collections in the cashier register was not reconciled with the balance in bank and the cashbook.
- 1.2 The statement of financial performance reflects Kshs.108,380,701 in respect of 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 controls on revenue management could not be confirmed.

2. Lack of Board of Management

As previously reported, the Hospital operated without a functional Board of Management. Therefore, functions such as approving plans, programs, estimates and any other functions assigned by the Hospital were either not undertaken or were done by the Management Team.

In the circumstances, the effectiveness of internal controls, risk management and governance in the Hospital 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 included 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

As previously reported, 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

As previously reported, 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.

6. Lack of Key Financial and Management Policies

As previously reported, 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 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 for 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

04 December, 2025

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	321,352,450	327,471,852
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	51,739	-
		321,404,189	327,471,852
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	108,380,701	90,571,528
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		108,380,701	90,571,528
Total revenue		429,784,890	418,043,380
Expenses			
Medical/Clinical costs	15	56,469,300	41,985,515
Employee costs	16	339,784,780	341,602,577
Board of Management Expenses	17	-	-
Depreciation and amortization expense	18	233,618	146,576
Repairs and maintenance	19	6,551,251	5,697,563
Grants and subsidies	20	-	-
General expenses	21	19,404,603	18,821,204
Finance costs	22	-	-
Total expenses		422,443,552	408,253,435
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

Port Reitz Sub County Level 4 (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		7,341,338	9,774,195

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

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

.....
Chairman

Board of Management

[Signature]
Head of Finance
Rahab Kariuki

ICPAK No:

7/10/2025

[Signature] 7/10/25
Medical Superintendent

Dr. Riziki Mulimba

15. Statement of Financial Position As At 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	36,467,967	29,589,348
Receivables from exchange transactions	28	22,576,710	10,093,655
Receivables from non-exchange transactions	29	2	600
Inventories	30	13,940,641	20,535,739
Total Current Assets		72,985,320	60,219,342
Non-current assets			
Property, plant, and equipment	31	995,541	532,824
Intangible assets	32	-	-
Investment property	33	-	-
Total Non-current Assets		995,541	532,824
Total assets		73,980,861	60,752,165
Liabilities			
Current liabilities		-	-
Trade and other payables	34	6,486,465	6,486,465
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41		
Total Current Liabilities		6,486,465	6,486,465
		-	-
Non-current liabilities		-	-
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39	-	-
Service concession liability	40	-	-
Social Benefits	41		

Port Reitz Sub County Level 4 (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Total Non-current liabilities		-	-
Total Liabilities		6,486,465	6,486,465
Net assets		67,494,396	54,265,700
Revaluation reserve		-	-
Accumulated surplus/Deficit		7,341,338	9,774,195
Capital Fund		60,153,058	44,491,506
		-	-
Total Net Assets and Liabilities		67,494,396	60,752,165

- Port Reitz 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:

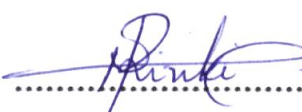
.....
Chairman

Board of Management


Head of Finance
Rahab Kariuki

ICPAK No:

7/10/25


Medical Superintendent

Dr. Riziki Mulimba

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021 (previous year)	-	-	37,374,575	37,374,575
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,774,195	-	9,774,195
Capital/Development grants	-	-	7,116,930	7,116,930
As at June 30, 2022 (previous year)	-	9,774,195	44,491,506	54,265,700
At July 1, 2022 (current year)	-	9,774,195	44,491,506	54,265,700
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	7,341,338	-	7,341,338
Capital/Development grants	-	-	5,887,358	5,887,358
At June 30, 2023 (current year)	-	17,115,533	50,378,863	67,494,396

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

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		51,739	-
Rendering of services- Medical Service Income		108,380,699	90,570,928
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		108,432,438	90,570,928
Payments			
Medical/Clinical costs		56,469,300	41,861,265
Employee costs		18,432,330	14,130,725
Board of Management Expenses		-	-
Repairs and maintenance		6,551,251	5,697,563
Grants and subsidies		-	-
General expenses		19,404,603	18,821,204
Finance costs		-	-
Refunds paid out		-	-
Total Payments		100,857,484	80,510,757
Net cash flows from operating activities	42	7,574,954	10,060,171
Cash flows from investing activities			
Purchase of property, plant, equipment & intangible assets		(696,335)	(679,400)
Proceeds from the sale of property, plant, and equipment		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(696,335)	(679,400)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

Port Reitz Sub County Level 4 (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		6,878,619	9,380,771
Cash and cash equivalents as at 1 July 2022	27	29,589,348	20,208,577
Cash and cash equivalents as at 30 June 2023	27	36,467,967	29,589,348

Port Reitz Sub County Level 4 (Mombasa County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from the County Government	-		-	-	-	
Grants from donors and development partners	-		-	-	-	
Transfers from other Government entities	-		-	-	-	
Public contributions and donations	-		-	51,739	(51,739)	
Rendering of services- Medical Service Income	104,994,888		104,994,888	108,380,699	(3,385,811)	103%
Revenue from rent of facilities	-		-	-	-	
Finance / interest income	-		-	-	-	
Miscellaneous receipts (<i>specify</i>)	-		-	-	-	
Total income	104,994,888	-	104,994,888	108,432,438	(3,437,550)	103%
Expenses						
Medical/Clinical costs	59,172,026	-	59,172,026	56,469,300	2,702,726	95%
Employee costs	17,620,754	-	17,620,754	18,432,330	(811,576)	105%
Remuneration of directors	-	-	-	-	-	
Repairs and maintenance	7,128,859	-	7,128,859	6,551,251	577,608	92%
Grants and subsidies		-		-	-	
General expenses	19,963,249	-	19,963,249	19,404,603	558,646	97%
Finance costs		-		-	-	
Refunds		-		-	-	
Total Expenses	103,884,888		103,884,888	100,857,484	3,027,404	97%
Surplus for the period	-	-	-	7,574,954	(6,464,954)	
Capital expenditure	1,110,000		1,110,000	679,400	430,600	61%

19. Notes to the Financial Statements

1. General Information

Port Reitz Sub County Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Mombasa County Government and is domiciled in Changamwe Sub County. The entity'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 hospital's 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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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:

Standard	Effective date and impact
	(a) The nature of such social benefits provided by the Hospital. (b) The key features of the operation of those social benefit schemes; and (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	Applicable: 1st January 2023 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

iii) Early adoption of standards

The hospital did not early – adopt any new or amended standards in the financial year.



4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

The 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.

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 2022/23 was approved at facility level by the EEC and forwarded to the chief officer for approval through the director clinical services. 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.

c. Taxes

Sales tax/ Value Added Tax

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

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



Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

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

Notes to the Financial Statements (Continued)

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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



Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j. Inventories

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

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

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

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

k. Provisions

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

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

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



Notes to the Financial Statements (Continued)

l. Social Benefits

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

m. Contingent liabilities

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.

n. 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.

o. Nature and purpose of reserves

The hospital has no reserves.

p. 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.

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

The Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a 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.

r. Foreign currency transactions

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

s. Borrowing costs

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

t. Related parties

The 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.



Notes to the Financial Statements (Continued)

u. 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.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle

the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional grants		
Operational grant	0	0
Level 5 grants	0	0
Unconditional development grants	0	0
Other grants	0	0
	0	0
Conditional grants	0	0
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	0

6 b 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	Comparative Period
			Kshs	Kshs	Kshs
Mombasa County Government	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	321,352,450	327,471,852
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-

Utility bills	-	-
Total grants in kind	321,352,450	327,471,852

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

8. Grants From Donors and Development Partners

Description	2022-2023	2021-2022
	Kshs	Kshs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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

Name of the 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	Comparative Period
	Kshs	Kshs	Kshs	Kshs	Kshs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals- (DOIN GOOD FOUNDATION)	51,739	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	51,739	0

Doing good is a small organization head by foreign students who come to the facility for exchange program. They often identify areas of need at the facility and conduct a drive to raise money which the facility then procures the items.

10 (a)Reconciliations of amortised grants

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Pharmaceuticals	4,896,422	11,534,495
Non-Pharmaceuticals	6,942,871	3,482,276
Laboratory	9,705,965	7,839,747
Radiology	2,502,250	3,235,800
Orthopedic and Trauma Technology	957,350	1,215,630
Theatre	4,112,428	1,679,575
Accident and Emergency Service	0	0
Anaesthesia Service	0	0
Ear Nose and Throat service	0	0
Nutrition service	114,000	6,300
Cancer centre service	0	0
Dental services	0	1,651,270
Reproductive health	175,650	185,900
Paediatrics services	0	322,440
Farewell home services	3,807,400	3,522,425
Ambulance services	0	78,000
Other medical services income (specify)	44,025,270	38,121,864
Other medical services income (NHIF)	24,769,775	17,680,056
Other medical services income (Linda Mama)	6,371,320	0
Total revenue from the rendering of services	108,380,701	90,555,778

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Dental costs/ materials	1,387,450	1,107,000
Laboratory chemicals and reagents	4,711,759	3,618,673
Public health activities	0	0
Food and Ration	18,085,522	14,893,239
Uniform, clothing, and linen	583,200	985,360
Dressing and Non-Pharmaceuticals	11,402,143	6,744,923
Pharmaceutical supplies	12,464,891	7,106,627
Health information stationery	2,300,540	1,624,450
Reproductive health materials	0	0
Sanitary and cleansing Materials	3,082,560	2,507,940
Purchase of Medical gases	0	0
X-Ray/Radiology supplies	1,416,000	762,600
Other medical related clinical costs (oxygen)	590,850	1,220,183
Other medical related clinical costs (refund for services not rendered)	0	29,000
Other medical related clinical costs-others	0	1,143,520
Other medical related clinical costs (Therapy Appliances)	444,385	102,000
Other medical related clinical costs (specify)	0	0
Total medical/ clinical costs	56,469,300	41,845,515

16. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees- In-kind contribution(Paid by Executive)	321,352,450	327,471,852
Salaries, wages, and allowances (Casual)	17,626,684	13,841,125
Contributions to National Social Security Fund (NSSF)-Casual	805,646	289,600
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs (specify)	0	0
Employee costs	339,784,780	341,602,577

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	0	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	0	0

18. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	233,618	146,576
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	233,618	146,576

19. Repairs And Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property- Buildings	5,751,211	4,988,776
Medical equipment	168,200	0
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	119,000	0
Motor vehicle expenses	512,840	708,787
Maintenance of civil works	0	0
Total repairs and maintenance	6,551,251	5,697,563

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	0	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Fuel Oil and Lubricants	2,652,080	2,777,010
Audit fees	0	0
Bank charges	60,900	47,660
Conferences and delegations	0	0
Consultancy fees	0	0
Contracted services	7,924,868	7,517,319
Electricity expenses	5,421,843	4,578,800
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	85,900	221,800
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	9,450	9,450
Printing and stationery	2,045,900	1,903,695
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	604,400	1,134,090
Skills development levies	0	0

Description	2022-2023	2021-2022
	Kshs	Kshs
Telephone and mobile phone services	336,000	336,000
Internet expenses	263,262	295,380
Staff training and development	0	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Parking charges	0	0
Total General Expenses	19,404,603	18,821,204

22. Finance Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

(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	2022-2023	2021-2022
	Kshs	Kshs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2022-2023	2021-2022
	Kshs	Kshs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current accounts-National Bank 01001036194800	5,956,862	728,848
Current accounts-Equity Bank 1200280147958	19,015,200	15,884,478
Current accounts-KCB Bank 1158027249	11,495,905	12,976,022
Cash in hand	0	0
Others(<i>specify</i>)- Mobile money	0	0
Total cash and cash equivalents	36,467,967	29,589,348

Notes to the Financial Statements (Continued)

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

Description		2022-2023	2021-2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1158027249	11,495,905	12,976,022
Equity Bank	1200280147958	19,015,200	15,884,478
National Bank	01001036194800	5,956,862	728,848
Sub- total		36,467,967	29,589,348
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc.		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		36,467,967	29,589,348

28. Receivables From Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Medical services receivables	22,576,710.00	10,093,655.00
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	22,576,710.00	10,093,655.00

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

Analysis of Receivables from Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	Comparative FY	% of the total
Less than 1 year	22,576,710.00	100%	10,093,655.00	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	22,576,710.00	%	10,093,655.00	%

29. Receivables From Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers from the County Government	2.00	600.00
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	2.00	600.00

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

Analysis of Receivables from Non-Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	Comparative FY	% of the total
Less than 1 year	2.00	100%	600.00	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	2.00	100%	600.00	100%

30. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Pharmaceutical supplies	-	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
X-Ray/Radiology supplies	101,500	272,500
Non-Pharmaceuticals supplies	672,325	4,876,508
Medical Drugs supplies	11,460,460	13,407,130
Medical Records	405,700	326,020
Laboratory supplies	693,206	1,037,211
Cleaning materials supplies	533,450	415,490
General supplies	74,000	200,880
Less: provision for impairment of stocks	-	-
Total	13,940,641	20,535,739

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost								
At 1 July 2021 (previous year)	-	-	-			-	-	-
Additions	-	-	-	383,000	296,400	-	-	679,400
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2022	-	-	-	383,000	296,400	-	-	679,400
At 1 July 2022 (current year)	-	-	-	383,000	296,400	-	-	679,400
Additions	-	-	-	696,335	-	-	-	696,335
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30th Jun 2023	-	-	-	1,079,335	296,400	-	-	1,375,735
Depreciation and impairment								
At 1 July 2021 (previous year)	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	47,875	98,701	-	-	146,576
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2022	-	-	-	47,875	98,701	-	-	146,576

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At July 2022 (current year)	-	-	-	47,875	98,701	-	-	146,576
Depreciation	-	-	-	134,917	98,701	-	-	233,618
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	182,792	197,402	-	-	380,194
Net book values								
At 30th Jun 2022 (previous)	-	-	-	335,125	197,699	-	-	532,824
At 30th Jun 2023 (current)	-	-	-	896,543	98,998	-	-	995,541

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
Impairment	0	0
At end of the year	0	0

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Notes to the Financial Statements (Continued)

34. Trade and other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	6,486,465.00		6,486,465.00	
Employee dues	0		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	6,486,465.00		6,486,465.00	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the total
Under one year	0	%	140,000	2%
1-2 years	140,000	2%	42,000	1%
2-3 years	42,000	1%	0	%
Over 3 years	6,304,465	97%	6,304,465	97%
Total	6,486,465	100%	6,486,465	100%

35. Refundable Deposits from Customers/Patients

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Medical fees paid in advance	0		0	
Credit facility deposit	0		0	
Rent deposits	0		0	
Others (specify)	0		0	
Total deposits	0		0	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

Notes to the Financial Statements (Continued)

36. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

37. Finance Lease Obligation

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

38. Deferred Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

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

Description	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (<i>Specify</i>)	0	0	0	0
Balance C/F	0	0	0	0

39. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

Notes to the Financial Statements (Continued)

40. Service Concession Arrangements

Description	2022-2023	2021-2022
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

41. Social Benefit Liabilities

Description	2022-2023	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with Disabilities benefit Scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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

Notes to the Financial Statements (Continued)

42. Cash Generated from Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	7,341,338	9,914,194.80
Adjusted for:		
Depreciation	233,618	146,576.20
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory		-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	7,574,956	10,060,171

Notes to the Financial Statements (Continued)

43. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023 (current year)	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The 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 's board of management who have built an appropriate liquidity risk management framework for the management of the hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2023 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

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:

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	0%	0%

Notes to the Financial Statements (Continued)

44. Related Party Balances

Nature of related party relationships

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

Mombasa County Government is the principal shareholder of the Port Reitz. The National Government of Kenya has provided full guarantees to all long-term lenders of the hospital, both domestic and external. The related parties include:

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services	-	-
Sales of services	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		

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Description	2022-2023	2021-2022
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Superintendent	-	-
Compensation to key management	-	-
Total	-	-

45. Segment Information

Not applicable

46. Contingent Liabilities

Contingent liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court case against the company	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

47. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Hospital

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

50. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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


 7/10/25
Dr. Riziki Mulimba
Accounting Officer

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Appendix II: Projects Implemented by the Hospital

Projects

Projects implemented by the funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-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 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

Head of Accounts Department of the beneficiary hospital:

Name SignDate

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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