THE NAIROBI HOSPITAL

KENYA HOSPITAL ASSOCIATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
2021

TheNairobiHospital @thenairobihosp

Healthcare with a difference!

Our **Vision**, **Mission** & **Corporate Culture**

VISION

To be a world-class multi-specialty hospital, delivering exceptional quality and patient safety and outstanding stakeholder experiences, whilst achieving sustainable growth.

MISSION

To offer patients the best care, using advanced technology in an atmosphere of trust, safety and comfort.

CORPORATE CULTURE

We are specific about quality and we take pride in our reputation in provision of the highest standards of health care; we give patient satisfaction paramount attention.

Our management style creates a sense of belonging and thus our highly motivated and committed staff believes in teamwork and assisting each other to accomplish the corporate mission. Our admitting doctors are highly qualified and have specialized skills which meet international standards.

We continue to maintain our nurses' training school as part of our professional development programme.

We are self-financing and any surpluses are reinvested in hospital development, for the benefit of patients. In order to monitor our own performance we will continue to be subject to internal and external audits.

We believe that the efficient utilization of our human and material resources is essential for the long term future of the hospital.

CONTENT


BEAR WITH US AS WE

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to Articles 19 and 22 (b) of the Kenya Hospital Association Articles of Association, that the Kenya Hospital Association shall hold a virtual Annual General Meeting on 29th September 2022 at 2:00 P.M. to conduct the following business:

AGENDA

ORDINARY BUSINESS

1 To table the proxies, apologies and note the presence of a quorum.

2 To read the notice convening the meeting.

3 To approve the minutes of the Annual General Meeting held on 27th July 2021.

4 To receive, consider and, if thought fit, adopt the Report of the Board for the year ended December 31, 2021.

5 To receive, consider and, if thought fit, adopt the Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Auditors' Report therein.

6 To Approve the Board Remuneration report in accordance with Article 41 of the Company's Articles of Association.

7 Retirement by Rotation and Election of Directors:

7.1 To note that Dr. W. Irungu Ndirangu (Maj. Rtd) retires by rotation in accordance with Articles 42 and 43 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.

7.2 To note that Hon. Dr. Chris M. N. Bichage retires by rotation in accordance with Articles 42 and 43 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.

7.3 To note that Mr. Robert F. Shaw retires by rotation in accordance with Articles 42 and 43 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.

8 To authorize the Board of Management to appoint the External Auditors for the Financial Year 2022 in accordance with Section 719 (2) of the Companies Act, 2015 and to fix the External Auditors' remuneration for the Financial Year 2022.

By order of the Board

CPS. Gilbert Nyamweya
Company Secretary

Dated: 1st September 2022

Notes:

1. Notice of a Special Business should be delivered in the form of a resolution to the Company Secretary's office by 16th September 2022 at 5:00 P.M or emailed to kha@nbihosp.org.

2. All proxy forms should be delivered to the KHA office or emailed to kha@nbihosp.org on or before 27th September 2022 at 2:00 P.M. in line with Article 34 of the Memorandum and Articles of Association.

3. Members are encouraged to continuously monitor the Company's website for further details on how to register for the Virtual Annual General Meeting.

Corporate **Information**

BOARD OF MANAGEMENT	Dr. W. Irungu Ndirangu (Maj Rtd)	- Chairperson
	Hon. Dr. Chris M. N. Bichage	- Vice-Chairperson
	FCPA Agnes Odhiambo, CBS	
	Mrs. Catherine Kola	
	Dr. David Githanga	
	Eng. Godfrey Marambe	
	Dr. Jane Kabutu	
	Mrs. Ludmila Shitakha, HSC	
	Dr. Louis Litswa	
	Dr. Magdalene Muthoka	
	Mr. Philemon Mwaisaka, EBS, SS	
	Hon. Justice (Rtd) Philip Waki, EBS	
	Mr. Robert Shaw	
	Mr. Richard Baraza	
MEDICAL ADVISORY COMMITTEE	Mr. Richard Baraza	- Chairperson
	Dr. Jane Kabutu	- Vice Chairperson
	Dr. Agnes Gachoki	
	Dr. Caroline Odula-Obonyo	
	Dr. Gladwell Kiarie	
	Prof. Guyo W. Jaldesa	
	Dr. James Munene	
	Dr. Luka Musau	
	Dr. Mbira Gikonyo	
	Dr. Paul Musila	
FINANCE AND INVESTMENT COMMITTEE	Mr. Philemon Mwaisaka, EBS, SS	- Chairperson
	FCPA Agnes Odhiambo, CBS	
	Eng. Godfrey Marambe	
	Dr. Louis Litswa	
	Dr. Magdalene Muthoka	
	Mr. Richard Baraza	
INFRASTRUCTURE PROJECTS MANAGEMENT COMMITTEE	Hon. Dr. Chris M. N. Bichage	- Chairperson
	Mrs. Catherine Kola	
	Dr. David Githanga	
	Eng. Godfrey Marambe	
	Mrs. Ludmila Shitakha, HSC	
	Hon. Justice (Rtd) Philip Waki, EBS	
	Mr. Richard Baraza	

Corporate **Information** continued

AUDIT, RISK & GOVERNANCE COMMITTEE	FCPA Agnes Odhiambo, CBS	- Chairperson
	Mrs. Catherine Kola	
	Dr. Jane Kabutu	
	Dr. Louis Litswa	
	Mr. Robert Shaw	
HUMAN RESOURCES COMMITTEE	Dr. Magdalene Muthoka	- Chairperson
	Hon. Dr. Chris M. N. Bichage	
	Dr. David Githanga	
	Dr. Jane Kabutu	
	Mr. Philemon Mwaisaka, EBS, SS	
	Hon. Justice (Rtd) Philip Waki, EBS	
	Mr. Robert Shaw	

BANKERS

NCBA Bank Kenya Plc
Mara & Ragati Roads, Upper Hill
P O Box 30437 – 00100 GPO
Nairobi

ABSA Bank Kenya Plc
Hurlingham Branch
P O Box 34974 – 00100 GPO
Nairobi

Stanbic Bank Kenya Limited
CFC Centre Branch
P O Box 72833 – 00200 GPO
Nairobi

Standard Chartered Bank Kenya Limited
Muthaiga Branch
P O Box 64355 – 00620
Nairobi

Equity Bank
Equity Centre
P. O. Box 75104-00200
Nairobi

Corporate **Information** continued

ADVOCATES

Kaplan & Stratton
Williamson House, 9th Floor
P.O. Box 40111 – 00100 GPO
Nairobi

Hamilton Harrison & Mathews
Delta-Offices, Waiyaki Way
P.O. Box 30333 – 00100 GPO
Nairobi

Echessa & Bwire Advocates LLP
4th Ngong Towers, 17th Floor
4th Ngong Avenue, off Bishops Road
P.O. Box 50307-00100

JAB Orengo Advocates
Lonrho House, 6th Floor, Standard Street
P.O. Box 55021 – 00200
Nairobi

Triple OK Advocates
ACK Garden House, 5th Floor
1st Ngong Avenue
P. O. Box 43170-00100
Nairobi

Dr. Mutubwa Law
Mayfair Centre, 2nd Floor
Ralph Bunche Road
P.O. Box 23418-00100
Nairobi

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P O Box 40092 – 00100 GPO
Nairobi

About Us

The Kenya Hospital Association is a company Limited by Guarantee without a share capital registered as such under the Companies Act of Kenya, 2015 and trading as The Nairobi Hospital. The Nairobi Hospital has a very rich history. The foundation stone of what was to become the leading provider of healthcare services in the East African region, was laid on the morning of 20th October 1952 by Sir Evelyn Baring, the then Governor of Kenya Colony. This is the day our independence heroes were rounded up and the fight for self-determination began in earnest. At that moment of darkness in the history of our country, and in spite of the events of the night before, The Nairobi Hospital was born. Indeed, this historical twist resonates well with the institution's guiding motto ***'Lux in Tenebris'*** – Light in Darkness.

Opening its doors in 1954 as the European Hospital, the institution has grown from humble beginnings to a modern high-technology Hospital with more than 400 bed-capacity, six outpatient centers and a global medivac centre. The combination of highly skilled medical specialists and modern medical and non-medical technology has placed the hospital in a position to undertake a wide range of routine and complex investigations and procedures including Open Heart Surgery, Kidney Transplants, Trauma Care, Orthopeadic Surgery, Neurosurgery, Laparoscopic Surgery, and Cancer Therapy among others. Today, The Nairobi Hospital is renowned for emergency and trauma care, disaster response and critical care and has excellent facilities for providing high quality clinical and nursing care. The Anderson Specialty clinics opened in 2017 has a variety of Specialty clinics including Orthopeadic, Well Baby and Executive Clinic.

In 1956, The Nairobi Hospital's Cicely McDonnell School of Nursing was established. It was aptly named after a lady who had made an immense personal contribution to the welfare and health of Kenyan people and set high professional standards on maternity nursing in Nairobi. Indeed, most graduates from the School of Nursing are absorbed into The Nairobi Hospital's team.

The Nairobi Hospital takes pride in highly qualified professionals who deliver our mission every day, translating their knowledge and expertise to internationally compliant practices in healthcare provision. Courtesy, consideration and unreserved respect towards our patients' privacy, dignity and confidentiality has time and again helped us earn their trust and goodwill. Our dedicated nursing staff provides professional care within a friendly and comfortable environment, ensuring that being in hospital is a more pleasurable and less anxious time for our patients and their families.

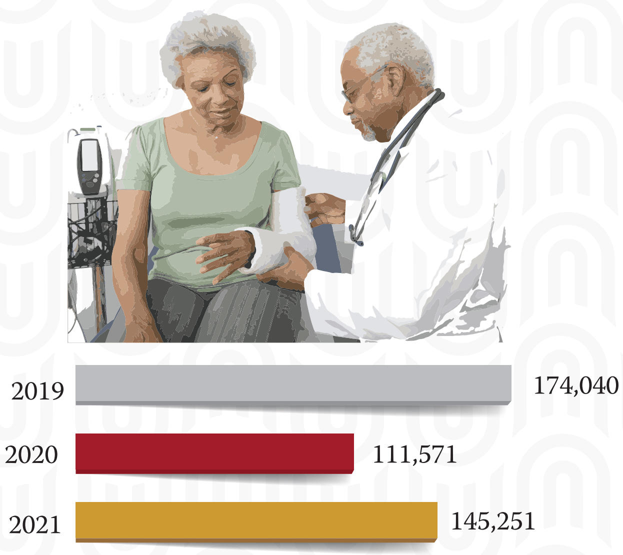
The Hospital has always invested in deepening its sustainability which is based on providing quality healthcare with a focus on improving its diagnostic services, bed capacity, and patient satisfaction amongst others. Key to these milestones is its vision, mission and values which are entrenched in its Strategic Plan 2019-2024.


THE NAIROBI HOSPITAL
CHANDARIA ACCIDENT & EMERGENCY CENTRE
ACCIDENT & EMERGENCY CENTRE

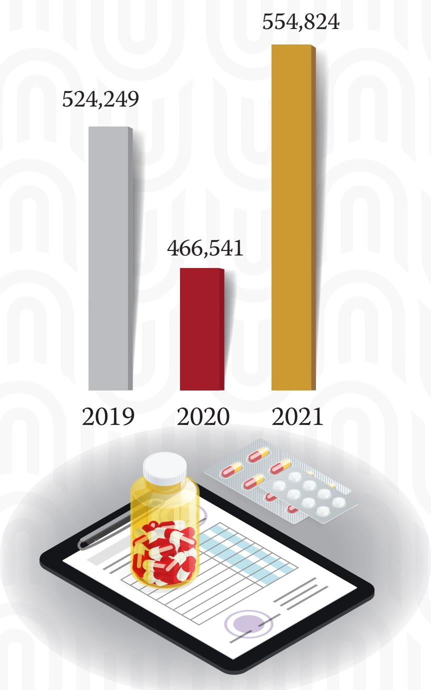

Anderson Clinic

Statistics

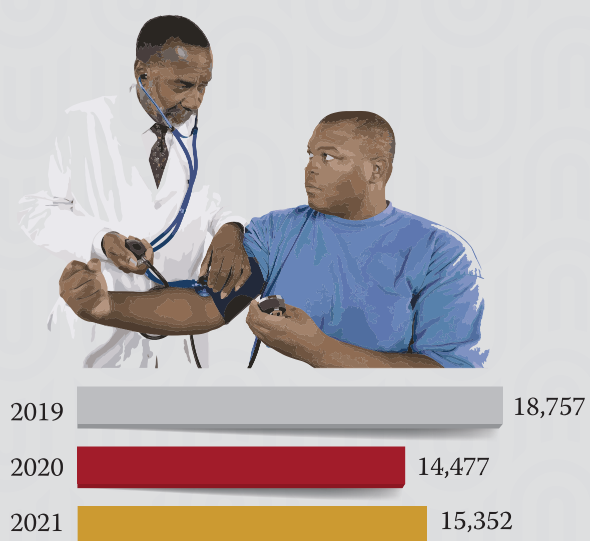
ACCIDENTS & EMERGENCY VISITS



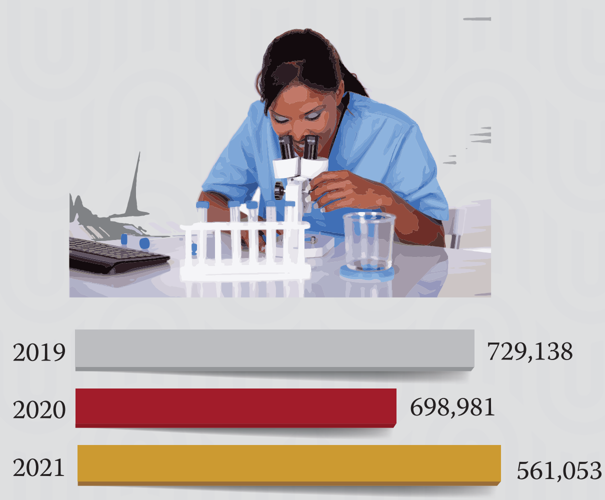
PRESCRIPTIONS



NUMBER OF ADMISSIONS

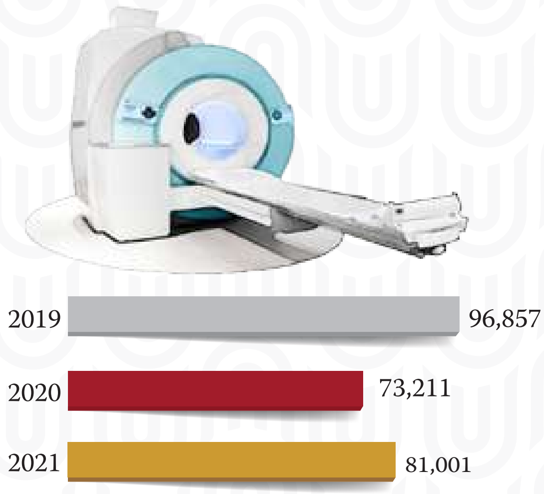


LABORATORY TESTS

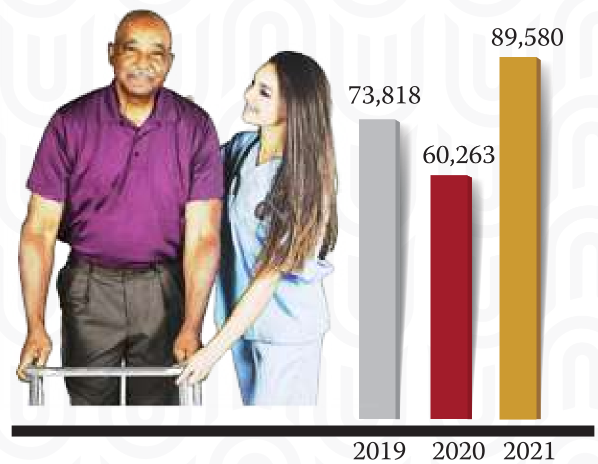


Statistics continued

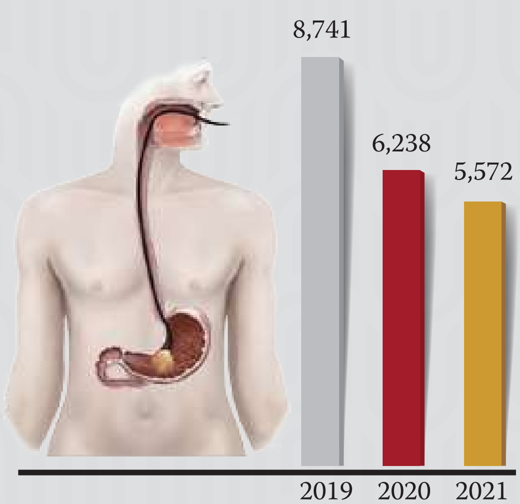
RADIOLOGY PROCEDURES



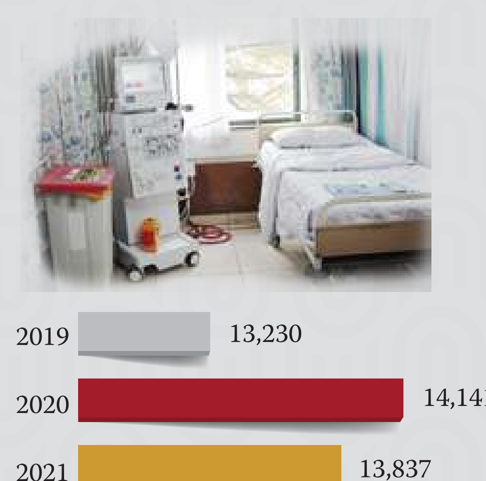
PHYSICAL MEDICINE VISITS



ENDOSCOPY VISITS

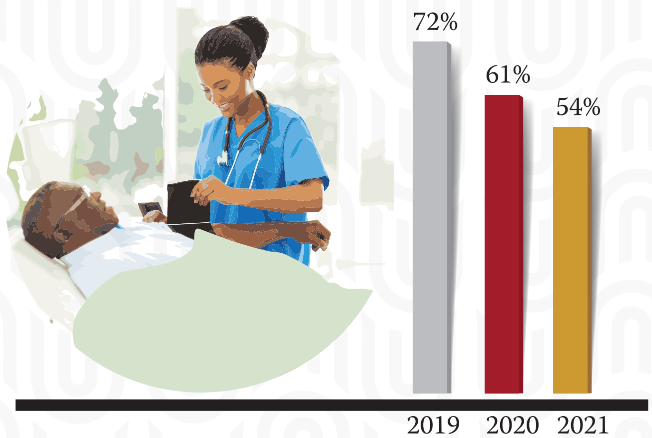


RENAL VISITS

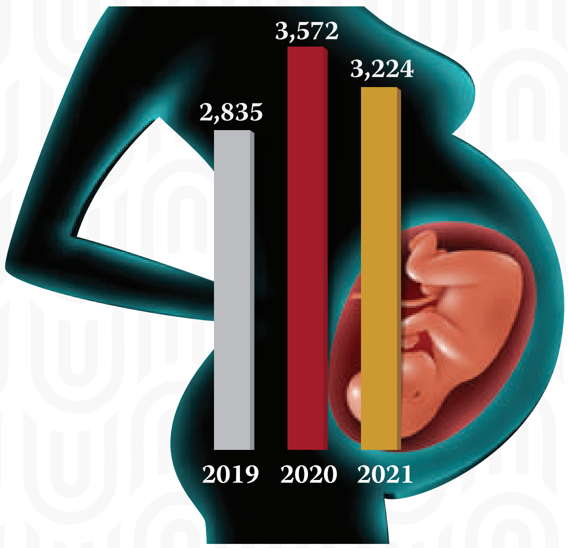


Statistics continued

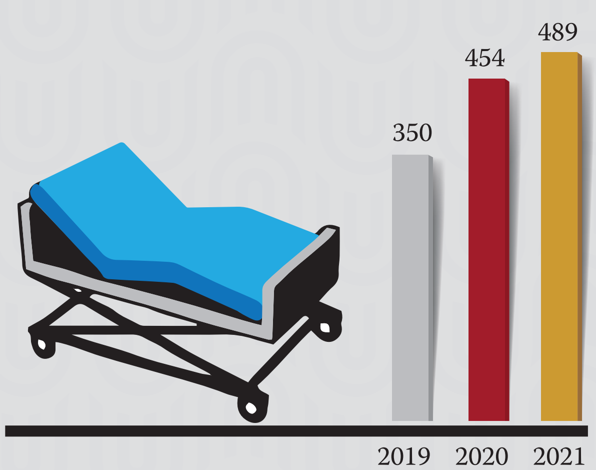
BED OCCUPANCY (%)



NUMBER OF BIRTHS



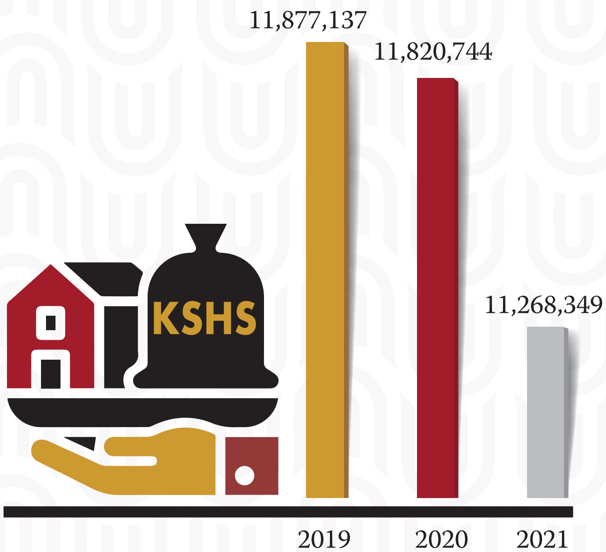
NUMBER OF BEDS AVAILABLE



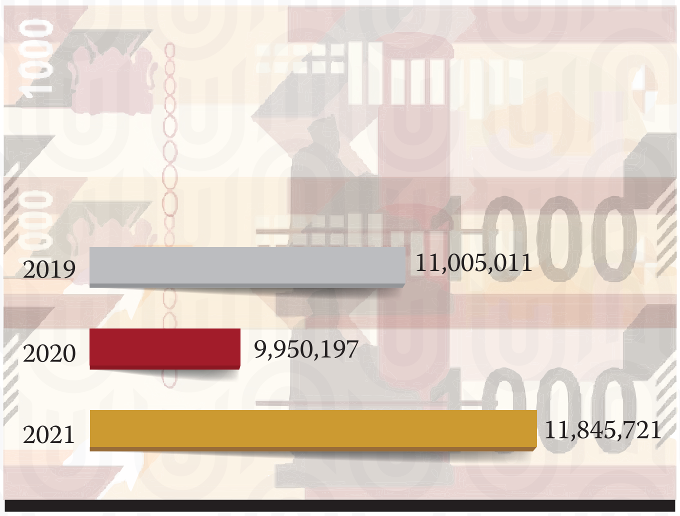
ONCOLOGY PROCEDURES

Statistics continued

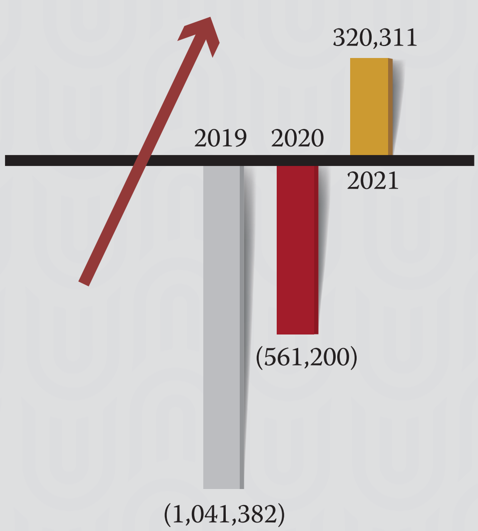
ASSETS (Sh'000)



REVENUE (Sh'000)



OPERATING SURPLUS / (DEFICIT) (Sh'000)



Corporate Social **Responsibility**

The Kenya Hospital Association being a non-profit making organization has a corporate Social Responsibility Strategy that aims at empowering the society and reaching out to the less fortunate. As part of The Nairobi Hospital's Corporate Social Responsibility efforts, we were able to implement several initiatives in 2021.

The Nairobi Hospital demonstrating hand hygiene, cough etiquette and proper use of masks training at Riara Springs Academy in Imara Daima. Training was done by Southfield Outpatient Centre.

As the Covid-19 pandemic evolved, we joined forces with Government to contain the pandemic by offering the public education on proper hand hygiene, cough etiquette and proper use of masks. These public educations were offered in various places across the Nairobi County especially in schools which were hot spots for contamination. We therefore carried this education activities in Montgomery School in Embakasi and Riara Springs Academy in Imara Daima. Other places where this education was conducted was at Shadell Academy, Kileleshwa where an additional First Aid training was conducted. This was highly appreciated by the communities around as the activities went to great lengths in educating them on ways of containing covid-19.

Prevention is better than cure – The Nairobi Hospital empowers communities to take charge of their health through professional education to control cancer and NCD menace.

During the Word Cancer Day which is commemorated annually on 4th February, the Nairobi Hospital fraternity visited the Kenyatta National Hospital's Children's Cancer Ward with an aim of encouraging the children admitted therein together with their families. This is in line with one of our values which is Dedication, Empathy, Inspiration, Quality and Partnerships. The Hospital's staff donated writing materials and toys to the children centre which will ensure that the children are happy even as they continue to recuperate.

The Nairobi Hospital empowering communities with Health Education as part of our community partnerships strategy.

October is traditionally a Breast Cancer Awareness month. During this month, the Nairobi Hospital was not left behind. A free breast cancer screening was carried out at the Warwick Outpatient Centre. The Outpatient Centre was selected because it is strategically located near the United Nations offices and indeed seventy-six (76) persons were screened. Four (4) out of the seventy-six (76) were noticed to have lumps and were referred to the Main Hospital for examinations and management.

During the World's Diabetes day which is normally held on November 4th, The Nairobi Hospital staff from Galleria Outpatient Centre and the main Hospital organized a free medical checkup, health education and distribution of flyers at Braeburn Garden Estate School.

As the year ended, in December 2021 the Hospital's staff made a planned visit to Tamani Children's Home. They donated food stuffs, clothes, shoes, toys and carried out a sensitization exercise at Tamani Children's Home. The hospital's staff also had the opportunity to train the children on proper hand washing techniques and disease prevention. This activity was an initiative of the Main Hospital staff.

The Nairobi Hospital Donated food stuff, clothes, shoes, toys and sensitized Praisegate Children's Home children on proper hand washing hygiene and disease prevention. This activity was conducted by the Main Hospital staff.

Outpatient **Centres**

The Galleria Mall Hospital Outpatient Centre became operational in 2011. It is located at The Galleria Mall on the 1st and 2nd floors. The Outpatient Centre attracts patients from areas such as Karen, Langata, Nairobi West, and Rongai environs. In addition to cutting-edge diagnostic services, the centre boasts of a large efficient accident and emergency department, as well as various Consultant Doctor led specialized clinics. The Galleria Outpatient Centre has grown over time by over 200% from 20 patients per day at inception to an average of 75 by the year 2021.

The Warwick Outpatient Centre was opened in 2011. It is located on the ground and first floors of the Warwick Centre. It serves Gigiri and its environs. The centre is patronized by the various members of the diplomatic community located within its precincts in addition to the local community. It offers cutting-edge diagnostic services while at the same time endowed with an efficient accident and emergency department. The Outpatient Centre has grown over time by over 200% from 18 patients per day at inception to an average of 65 by the year 2021.

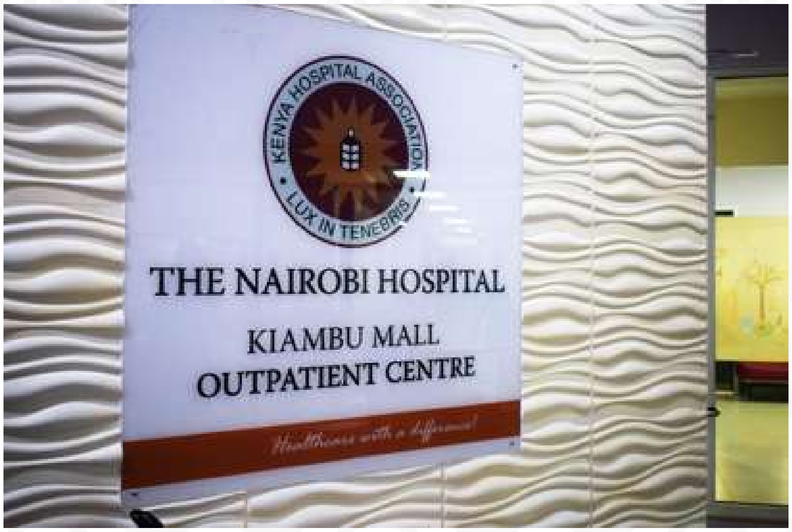
The Capital Outpatient Centre was opened in 2017 to serve the growing community along Mombasa Road. It is located at The Capital Centre Mall, along Mombasa road on 1st floor. In addition to cutting-edge diagnostic services, the centre boasts of an efficient accident and emergency department, as well as various Consultant Doctor specialized clinics. The Outpatient Centre has grown over time by over 200% from 14 patients per day at inception to an average of 42 by the year 2021.

Outpatient **Centres**

The Rosslyn Riviera Outpatient Centre was opened in 2018 and it is located on the third floor of the mall. The center boasts of an efficient accident and emergency department, as well as various Consultant Doctor led specialized clinics. The Rosslyn OPC has grown over time by over 200% from 8 patients per day at inception to an average of 27 by the year 2021.

The Southfield Mall Outpatient Centre was opened in 2018 at the Southfield Mall in Embakasi on the 2nd Floor. In addition to cutting-edge diagnostic services, the centre boasts of a large and efficient accident and emergency department, as well as various Consultant Doctor led specialized clinics. The Southfield Outpatient Centre has grown by over 300% from 10 patients per day at inception to an average of 45 by the year 2021.

The Kiambu Outpatient Centre was opened in 2018 at Kiambu Mall on 3rd Floor. Located a few Kilometres to Kiambu township, the centre serves the people of Kiambu town and its environs. It boasts of a large and efficient casualty, accident and emergency department and various specialized clinics run by Consultant Doctors. Kiambu Outpatient Centre has grown over time by over 400% from 4 patients per day at inception to an average of 23 by the year 2021.




Examination Room
1, 2, 3, 4 & 5
Ultrasound
X-Ray
Dental
Washrooms

WHO GOVERNS US

Chairperson's Statement

It is my pleasure to present to you the Annual Report and Financial Statements of the Kenya Hospital Association for the financial year ended 31 December 2021.

OPERATING ENVIRONMENT

The world economy recorded a remarkable recovery in 2021 over 2020, primarily as the disruption from the impact of the global COVID-19 pandemic eased. The real Gross Domestic Product is estimated to have grown by 5.9 per cent in 2021 compared to a contraction of 3.1 per cent in 2020, driven by an increase in global trade, and industrial and service sectors. Locally, after contracting by 0.3 percent in 2020, real GDP increased by 7.5 percent. This was largely driven by a revival in private consumption despite lower agricultural output caused by below average rains. The Kenyan economy has shown resilience to the COVID-19 shocks, with output in 2021 rising above pre-pandemic levels.

Annual average inflation in 2021 was at 6.1% supported by subdued demand pressure, rising food prices (lower-than-average rainfall) and higher global oil prices. Against the United States Dollar, the Kenya Shilling depreciated by 3.6% to close the year at 113.15; rebound in imports exceeded recovery in export earnings on the back of increased orders as the economy re-opened. The average exchange rate in 2021 was 110. Disruptions across supply chains, together with the depreciation of the shilling, increased the cost of doing business and impacted on our business spend management.

The year 2021 presented a partial recovery from the COVID-19 pandemic. As of May 2022, the world recorded at least 534 million confirmed cases of the disease and 6 million deaths since the disease was first identified. With increasing vaccinations worldwide resulting in reducing positivity rates, 2021 experienced better prospects compared to the previous year. Health seeking behavior improved in 2021, however the disease still impacted adversely on our overall business volume.

This business environment improved our revenue growth in 2021 to 19% compared to 2020, but it was well below our planned growth of 25%.

We learnt important lessons from this pandemic. It became apparent that minority groups were underserved, and marginalized populations have been disproportionately impacted by COVID-19. This highlighted issues around health equity and health outcomes in emerging economies. The Kenya government sought to reduce reliance on donor vaccines and cut costs of vaccines by moving to set up a biovax plant in the country. Additionally, healthcare workers globally were observed to be fatigued mentally and physically, creating the need for reimagining work conditions. In many developing nations, including Kenya, capital flight for experienced healthcare workers has become a real challenge, with many migrating to more mature economies to meet increased demand for healthcare, and with improved remuneration benefits. This prompted us to relook at our staff retention strategies to manage the trend.

"The Board of management remains ambitious in its pursuit of excellence in the healthcare space as reflected in the implementation of the strategic plan".

Domestically, the Government's drive to advance the Universal Health Coverage agenda impacts the health policy and healthcare service delivery in both public and private sectors. The NHIF amendment bill of 2021 passed by the National Assembly, which is awaiting presidential assent, substantially provides the legal framework for attainment of Universal Health Coverage in Kenya. The bill seeks to deepen access to healthcare by expanding membership and the healthcare packages. Government expenditure on healthcare remains below the ideal standard as a fraction of total expenditure. Health allocation saw an increase to Sh. 147 billion (from Sh. 121 billion previously) out of which Sh. 62 billion will cover the Universal Health Coverage (UHC).

The health care space continues to witness new entrants through innovative startups that use remote platforms in telemedicine and e-pharma. Secondary and tertiary care has also had new entrants from established firms that are diversifying their businesses or other long-established organizations that continue to expand their footprint. Private equity firms are investing more in healthcare, possibly showing the potential that the industry has.

STRATEGIC DIRECTION

In 2021, The Board continued to oversee the implementation of the 2019-2024 Strategic Plan aimed at strengthening the governance mechanisms, improving clinical pathways and patient experiences. Critical infrastructure projects have taken shape. We have progressed significantly in improving efficiency through technology advancements. At the heart of this was improving the leadership of the institution and inculcating the culture that makes The Nairobi Hospital the premier healthcare centre.

The challenging operating environment and changing consumer preferences have impacted on the Hospital and necessitated positive changes in how we do things. These have been opportunities for learning and adapting.

During the year, we advanced on key infrastructure projects aimed at improving the overall patient experience at the hospital. These include.

- The digital transformation that will include the implementation of a new Health Management Information System and Enterprise Resource Planner that will improve information efficiency throughout the institution.
- Development works continued for the Main Entrance which will include new theatres, new laboratory, new pharmacy and new suites for our physical and occupational therapy clients.
- The hospital has invested heavily in new state of the art radiology equipment to ensure increased throughput and sharper images.
- Two new oxygen plants installed at the hospital have significantly reduced reliance on externally sourced gases.
- Revamping of various wards and acquisition of new ward beds has ensured an enhanced patient experience

The hospital remains the leading centre for management

Chairperson's Statement continued

and treatment of COVID-19 patients, through its flagship East Wing facility, which was developed in partnership with the United Nations. We managed over 1,500 admissions into that facility in 2021. The hospital will continue to engage with other like-minded institutions to deepen access to quality healthcare and respond to changing environmental and consumer dynamics with investments in people, technology, and associations.

Despite the challenging operating environment, the Hospital managed to improve on year-on-year performance returning a surplus of Sh. 320 million. This was a significant turn-around, having recorded a deficit (loss) of Sh. 561m in the preceding year. The institution remains financially strong and is poised to take advantage of emerging trends requiring immediate capital deployment.

OUTLOOK

The Kenyan economy is expected to expand further in 2022 with rising consumer and government spending. Forecasts point towards higher inflation with demand inflation and increasing fuel prices driven by the geopolitical tensions in Russia and Ukraine. This coupled with higher demurrage and shipping costs as well as the weakening of the shilling will continue to affect the disposable income in most households and will affect the cost of doing business. The outcome of the August 2022 general elections is key in shaping the operating environment going forward. The political atmosphere following the elections will impact the securities and money markets, as well as influence the direction of the exchange rate.

Ultimately, it is evident that businesses will thrive based on their ability to adapt to the ever-changing environment. Medical service provision is highly dependent on technology. There is need to continuously invest in more advanced equipment to keep pace with the evolving medical landscape.

The Board of management remains ambitious in its pursuit of excellence in the healthcare space as reflected in the implementation of the strategic plan. We have committed significant funds towards modernizing our facilities, mainly the buildings and the equipment. The extension of Main Laboratory was completed and commissioned in August 2022. Among the projects that are underway include the Main Pharmacy, two new theatres, upgrade of our MRI equipment and a modern Catheterization laboratory, all which are expected to be commissioned before the end of 2022.

I, and on behalf of the board remain positive that with the initiatives in place, the hospital is well on-course to remain the leading healthcare institution in the region.

Dr. W. Irungu Ndirangu (Maj. Rtd)
Chairperson
Board of Management

23rd August 2022

Board of **Management**

Dr. W. Irungu Ndirangu (Maj Rtd)
Chairperson

Mr. Philemon Mwaisaka, EBS, SS
Director

Dr. Magdalene Muthoka, PhD
Director

Hon. Dr. Chris M. N. Bichage
Vice Chairperson

FCPA Agnes Odhiambo, CBS
Director

Dr. Jane Kabutu
Director

Mr. Richard Baraza
Director

Board of **Management** continued

Mr. Robert Shaw
Director

Mrs. Ludmila I. Shitakha, HSC
Director

Dr. Louis A. Litswa
Director

Dr. David Githanga
Director

Catherine Adongo Kola
Director

Hon. Mr. Justice (Rtd) Philip Nyamu Waki,
EBS Director

Eng. Godfrey Marambe Momanyi
Director

Board of Trustees Statement

Prof. Githu Muigai, EGH, SC
Chairperson

"The association's first achievement under its first Chairperson, Rudolf Anderson, was the purchase of the Maia Carberry Nursing home (previously the Kenya School of Law), which was converted into a men's hospital".

OVERVIEW

My fellow Kenya Hospital Association Members, I am delighted to present to you the first report of the Board of Trustees. Allow me members to take you, through the challenges and opportunities that define the journey that we as Guarantors of the Kenya Hospital Association have walked to get where were are today. You may be aware of the checkered history that our business has gone through since its conception by white settlers as a European only medical facility in the late 1940s and early 1950s. At the time, King George the VI Hospital (now Kenyatta National Hospital) was overwhelmed by the influx of white settlers after the Second World War. This gave rise to the formation of The Kenya European Hospital Association in 1954 (later renamed Kenya Hospital Association).

The association's first achievement under its first Chairperson, Rudolf Anderson, was the purchase of the Maia Carberry Nursing home (previously the Kenya School of Law), which was converted into a men's hospital. The Association then built the Princess Elizabeth Hospital (now The University of Nairobi Dental School), which was dedicated to healthcare for women. Opened in 1952, the facility was named after Princess Elizabeth, who had then visited Kenya. On 20th October the same year, KHA acquired the old Polo grounds and His Excellency the Hon. Sir Evelyn Baring, Governor of the Colony of Kenya, laid the foundation stone of the Nairobi Hospital (then known as European Hospital).

A defining moment came on 19th October 1961, when the Board, meeting at the Stanley Hotel, made a decision to drop the European orientation of the hospital. It was now open to all races in all respects including its patients, medical and nursing staff. Independence in Kenya resulted in an exodus of Europeans and consequently the hospital's patient population dropped dramatically. The ensuing financial difficulties forced KHA to sell Maia Carberry Nursing Home to the government in 1963. Princess Elizabeth Hospital was also sold soon after, thus confining the Nairobi Hospital to its present size and location.

Ladies and Gentlemen, this is the history of our hospital as it stands today.

ESTABLISHMENT OF A TRUST

In the year 2020, the Board of Management reviewed the Memorandum and Articles of Association which they presented to you members for your approval in an Extraordinary meeting on 30th July 2020. One of the Articles proposed the establishment of the Kenya Hospital Association Board of Trustees under Article 38 (f), whose main role was ***to hold and protect the assets of the Association.*** The Board of Management thereafter prepared a trust deed which was approved on 11th December 2020, setting the rules of our engagement.

Board of Trustees Statement continued

TRUSTEES

The first trustees were inaugurated into office on the approval date for a period of three years, upon which they shall retire on rotation as the Board and you members would please. The main object of trustees is to ensure that your assets are secure. We hereby wish to assure you that the two pieces of land that is L.R. No. 209/4209/2 and L.R. No. 209/6442/2 are safe with no encumbrances or prohibitions whatsoever.

Allow us to extend our gratitude to you members of KHA for the responsibility you have bestowed on us. We appreciate the entire Board of Management for their trust in us on this noble duty and for spearheading the hospital towards financial stability as illustrated in these financial accounts.

Hon. Prof. Githu Muigai, EGH, SC
Chairperson- Board of Trustees

Board of **Trustees**

Hon. Prof. Githu Muigai, EGH, SC
Chairperson

Dr. J.A. Aluoch, EBS
Vice - Chairperson

Hon. Esther Murugi EGH

Prof. Orpha Kemunto Ongiti

Mr. Edward R. O. Ouko FCA, CBS

Mrs. Jane Muigai-Briggs


Bed No.
22
PARAMOUNT BED
NURSERY

Chief Executive Officer's Statement

INTRODUCTION

I am pleased to present to you the key highlights of the Annual Report and Financial Statements for the year 2021.

The Hospital realized a surplus of Sh. 320 million during the year, an improvement from a deficit of Sh. 561 million in 2020. The key driver of this performance was the delivery by management of the Strategic Plan 2019 – 2024, with the support of the Board of Management.

Management prioritized the strengthening of governance frameworks, progressing infrastructure projects as well as playing an active role in managing the financial performance of the Hospital. To achieve this, the hospital engaged the right people into a revamped organizational structure. We believe that the right transformational initiatives will continue yielding results, even in a highly dynamic operating environment.

Patient satisfaction is at the center of what we do. We compliment this with a wide array of world class admitting staff, cutting across different health disciplines. We pride ourselves for a seamless integration of all these medical services to deliver the highest standard of healthcare.

We have reviewed our existing processes, policies, and procedures to respond better to our clients' preferences. This report contains some of the highlights in various functions.

FINANCIAL PERFORMANCE

Business Metrics and Income

The hospital's turnover increased by 19% from Sh.9.9 billion in 2020 to Sh.11.8 billion in 2021 primarily driven by higher patient numbers across all centers. Most key performance indicators registered growth in 2021 over 2020. Accident and Emergency (A&E) visits increased by 142%, which in turn resulted in the growth of our core revenue lines. Admissions grew by 6% and total inpatient days increased by 15% on account of higher A&E and specialty clinics visits as health seeking behavior improved with the decline in COVID-19 positivity rate.

Chief Executive Officer's Statement continued

The hospital's turnover increased by 19% from Sh.9.9 billion in 2020 to Sh.11.8 billion in 2021 primarily driven by increase in patient numbers. Operating revenue increased from Sh.9.4 billion to Sh.11.3 billion.

Major revenue centers recorded growth; prescriptions grew by 19%, laboratory tests 30% and radiology services 11%. Theater Operations however declined by 11% as did maternity cases which fell by 10%. Bed occupancy rate dropped from 61% to 54% as the last quarter of the year witnessed a reduction in patient traffic.

Day surgery operations also declined as the country put in place Covid-9 containment measures earlier in the year.

Expenditure

The hospital's direct costs increased by 12% in 2021, while overheads rose by 4%. While the increase in the expense lines was generally in line with the business volume growth, more than commensurate adverse increases were driven by disruptions in supply chains (increased demurrage and shipping costs) and the depreciation of the Kenya Shilling against major currencies, particularly the United States Dollar (USD).

By December 2021, the shilling exchanged at 113 against the USD, up from 93 at the same time in 2020. In 2021, we reviewed our supply chain extensively to extract efficiencies, enabling us to continuously maintain our cost base at optimum levels.

Surplus and Working Capital

The Hospital activities in 2021 resulted in a surplus of Sh.320 million, an improvement from the Sh. 561 million deficit recorded in 2020. Whereas the return to profitability is a welcome trajectory, management is cognizant of the ambition and expectation of all stakeholders to deliver better performance.

Our long-term strategy encapsulates this and is complimented by ambitious annual business plans. During the year, the Hospital realized progress in its working capital management objectives with cash conversion increasing as the strategies on credit control enforcement worked. All our supplier obligations and capital commitments were met when due.

CLINICAL SERVICES

Medical Services & Research

Medical Services & Research directorate distinguished itself in mitigating the effects of COVID-19. The East Wing survival rate after ICU admission was over 80%. The hospital managed 1,536 patients in this 135-bed facility during the year. Overall, average occupancy was 32% over 2020, with high bed occupancy witnessed during the peak of emerging variants of the coronavirus.

Pharmacy Services

The departmental quality objective on monitoring turnaround time (TAT) was on track. All outpatient pharmacies met the target of serving over 80% of patients within 15 minutes. The overall outpatient average was at 93%. Inpatient average for patients served within 30 minutes and discharges served within 45 minutes was 81%. Towards the end of 2021, the hospital completed construction of a more spacious pharmacy in the Doctor's Plaza further complementing its service delivery.

Laboratory Services

Revenue from laboratory tests increased by 30% in 2021 over 2020, attributed largely to increased efficiencies in running of tests and greater public awareness on testing, prevention, and treatment of COVID-19. The hospital was among the first in Africa to embrace the 'Trusted Traveler Program', making COVID-19 results from the hospital accepted all over the world using a unique QPR code. We were also among the first hospitals to adopt the Rapid Antigen Test as the main test for COVID-19, driving down costs for our clients.

The laboratory continued its path of digital transformation, automated SMS alerts for tests, an improved test menu by expanding testing panels and introducing in-house testing. Some expanded test panels include STD panel and anti-neuronal antibodies panel. Some of the new tests include HPV genotype, Anti-Phospholipase A2 Receptor antibody (PLA2R-antibodies) test.

- In 2021 the laboratory TAT improved from 80% to 82%, attributed to the KAIZEN improvement project which the lab has been able to sustain.
- The laboratory External Quality assurance (EQA) score improved from 94.7% to 95.5%

The Laboratory expansion project has resumed with completion expected within 2022. This is expected to further boost outcomes and improve turnaround times.

IMAGING & RADIOLOGY

Total radiology tests in 2021 stood at 81,001 having grown by 11% from 73,211 in 2020.

In keeping with the vision of the hospital to provide cutting edge service, the department in 2021 acquired 3 new x-ray machines installed in the first quarter of 2022. We expect better throughput, reduced down-times, higher quality imaging and better cost efficiencies with these new machines. We continue to offer world class services including interventional radiology. We have been involved in research in collaboration with various university teaching hospitals, as well as our resident consultant clinicians.

PHYSICAL MEDICINE CENTRE

Physical medicine (PMC) recorded a 49% growth in patient numbers between 2020 and 2021. The introduction of the Physiotherapy Patient Assessment Tool and the new PMC sub-store contributed to better quality of service. The department further extended its operating hours to 24 hours to absorb the increased demand.

RENAL SERVICES

The unit continued to provide world class services in 2021. Due to COVID-19 pandemic, dialysis sessions dropped by 2% in 2021. The unit trained nurses on specialized nephrology courses to improve its competitiveness.

ONCOLOGY

The cancer treatment centre provided chemotherapy, radiotherapy, brachytherapy, prostate brachytherapy, blood irradiation, keloids treatment and iodine treatments to our patients. The number of patients seen in 2021 was 20,082, representing a 3% growth over 2020.

NURSING SERVICES

Quality nursing care remains the pillar of differential healthcare for The Nairobi Hospital patient. The division employs various approaches to enhance care and improve quality. The nursing team has focused on training in quality and patient safety goals as stipulated by the Joint Commission International Accreditation (JCIA) guidelines. This reflected in the bi-annual clinical audits averaging a score of 86% at close of year, an improvement from 83% in the previous year.

To further enhance quality, Nurses were trained in various hospital sponsored specializations including Critical Care Nursing, Perioperative Nursing, Pediatric Critical Care Nursing, Neonatal Critical Care Nursing, Kenya Registered Midwifery Training, Accident and Emergency Nursing, Nephrology and Oncology.

In 2021, the Average length of stay sustained at 5 days, similar to 2020. This was however in line with WHO data that indicates the length of stay in Africa during the post covid era to be 5 to 7 days.

The patient loyalty score remained above 90% for most part of the year with patient concerns being addressed promptly.

STRATEGY & INNOVATION

The 2019-2024 strategic plan articulates the Hospitals vision to transform into a world class multi-specialty hospital delivering exceptional quality, patient safety and outstanding stakeholder experience, whilst achieving sustainable growth.

The strategic plan execution is on course with strategy champions from each department having been identified and trained. The process has seen composition of key committees such as oversight and steering committees with a prime objective of ensuring the strategic plan is fully understood and executed at all levels.

One of the strategic pillars is patient safety and quality of care. One international mark of trust, patient safety and excellence in healthcare is accreditation with Joint Commission International (JCI). In 2021, in line with the execution of our strategic plan, the Hospital embarked on the accreditation process which is expected to boost and drive medical tourism.

A core implementation team was constituted in 2021 including the specific chapter teams with specific terms of reference. Various trainings to management and the Board have been conducted to create awareness of this process.

INFORMATION, COMMUNICATION & TECHNOLOGY

With the Covid-19 pandemic, 2021 was a year full of challenges and opportunities that necessitated innovative ways to solve old problems. The Hospital successfully pursued several initiatives, amongst them:

Digital Transformation roadmap

In the course of 2021, the Hospital developed a 5-year digital transformation roadmap aimed at enhancing healthcare delivery through the following, among others:

- Enhanced Patient experience and satisfaction through digitization of the patient touch points.
- Data-driven decision making by providing insight into data from both the HMIS and ERP systems. This is to enable timely operational and clinical decision-making and create process efficiencies.
- Seamlessly connecting all information systems to enable care givers provide consistent patient experiences; further enhancing productivity of our clinical staff.
- Provision of a robust and secure IT infrastructure that supports on demand access to data.

Chief Executive Officer's Statement continued

Laboratory Information System (LIS) enhancement

In the wake of the pandemic, the LIS was improved to be able to automatically send Covid-19 test results to patients on email when ready, with a copy being sent to their clinicians for any interventions as may be required.

Radiology Information System (RIS)

The Radiology Information System received a boost with further enhancements in functionality that include the use of Artificial Intelligence for Chest X-ray and Mammography. This greatly improved the accuracy of reporting by clinicians by identifying the area of abnormality and a corresponding scoring for the suspected disease on the areas highlighted. An SMS notification system was also implemented to inform patients when their results were ready.

MARKETING & CUSTOMER SERVICE

In 2021, the hospital's Marketing & Customer Service Division invested in several novel techniques, including digital marketing, public relations and stakeholder relations to strengthen the hospital's position as the market's preferred institution during the pandemic and beyond. Other initiatives included the following:

- Collaboration and business development meetings to address client concerns with an objective of reviewing performance for new and existing clients.
- Automation of the client feedback process via SMS at the end of every client's patient journey. Implementation of the net promoter score SMS based survey which provides real-time feedback on products and services.
- Mainstream media presence was created through monthly radio talk shows, on health topics. Further engagement on social media platforms including Facebook, Twitter, Instagram and YouTube was utilized to engage clients and maintain market presence.

HUMAN RESOURCES

The Human Resources (HR) Division continued to ensure that the institution attracted employees with the required skills and experiences and to further retain, motivate and develop them. Investing in employees remained paramount, a key pillar in realizing the hospital's strategic objectives.

The first step to this was carrying out a reorganization program to allow the hospital to have the right organization design to effectively carry out the objectives contained in the Strategic Plan. Central to this was attracting the right talent in key positions; all senior management roles are now filled. A new organizational design was rolled out in line with the strategic plan

Management sought to further develop the culture of the institution with the ethos that makes our hospital a premier facility providing distinguished services.

We aim to uphold the values that the institution stands for and promote these within our human capital. This process involves culture surveys aimed at getting feedback from staff as to their wellbeing and working conditions.

INFRASTRUCUTRE PROJECTS

The Engineering department, through the infrastructure projects management committee, has carried out various projects aimed at improving quality of care and customer experience. Key projects undertaken/restarted within the year include:

- Installation of Oxygen plants in Main Hospital and East Wing, which has since been completed.
- Re-started the completion of the new Laboratory, which has since been completed.

- Re-started the completion of the Main Hospital Entrance, which is currently 39% complete.
- Installation of 3 new X Ray machines.

The department continues to monitor performance of outsourced consultants and contractors with a view to ensuring they serve the goals of the Hospital.

LOOKING FORWARD

We recognize that our leadership position in the Health Sector requires us to provide clear standards in the way health services are provided. Fortunately, the 2019-2024 strategic plan grants a clear roadmap on sustaining the market leadership position while at the same time setting standards and enhancing service delivery.

Crucial to this is the implementation of the key operational systems, the Hospital Information Management System (HMIS) and Enterprise Resource Planner (ERP) as well as the implementation of infrastructure projects and continuous replacement of obsolete medical equipment.

Looking into the future, we foresee strong growth and expanding returns stemming from operations, expanded markets and greater collaboration with respective providers.

APPRECIATION

II take this opportunity to express my appreciation to the Chairperson and Members of the Board of Management for their guidance and support throughout our transformation journey.

I acknowledge the contribution of our entire Staff and Management towards the performance of the hospital. They worked tirelessly through the challenges of 2021 and demonstrated an enduring commitment to provide excellent services to our clients.

Thanks also to members of the Admitting Staff for their continued collegial support.

James Nyamongo, MBS
Chief Executive Officer

23rd August 2022

Senior **Management Team**

Mr. James Nyamongo
Chief Executive Officer, MBS

Mr. Samson Mwangi
Finance Director

Scholar Kisia
Ag. Director of Nursing Services

Mrs. Margret Sirima
Principal, College of Health Sciences

Senior **Management Team** continued

Mr. Weldon Rotich
Head of Internal Audit

Ms. Audrey Onsomu
Head of Risk & Compliance

Mr. Samuel Odede
Director, Medical Services & Research

Mr. Nicodemus Odongo
Director, Strategy & Innovation

Mr. Felix Osano
Director, Supply Chain & Distribution

Mr. Gilbert Nyamweya
Company Secretary

Corporate Governance

PREAMBLE

The Hospital has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the Hospital. The Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

The Board of Management is responsible for the provision of oversight to the operational activities of the Hospital on behalf of the members of the Kenya Hospital Association. They are also entrusted with the responsibility of ensuring strong corporate governance and ethical practices within the Hospital. Their role extends to ensuring that the Hospital complies with the relevant laws. The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate best practices.

Below are the key features of corporate governance structures and internal control systems put in place and that were in operation during the year.

BOARD OF MANAGEMENT

TThe Board of Management is composed of non-executive members elected by Kenya Hospital Association Members. The Board is held accountable and responsible for the effective governance of the institution. In discharging its functions, the Board is guided by the provisions of the Memorandum and Articles of Association and the Board Charter.

Members of the Board have a broad range of skills and experience, and each brings independent judgment and unique expertise and advisory perspectives to the Board's deliberations. One-third of the members of the Board retire by rotation each year and these members may offer themselves for re-election, if eligible, in accordance with the Articles of Association.

Summarized below are the key roles and responsibilities of the Board:

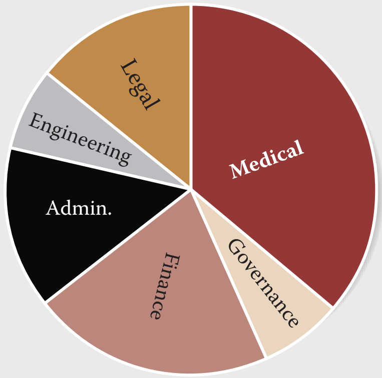
- Approve and adopt strategic plans and annual budgets, set objectives, and review key risk and performance areas.
- Determine overall policies and procedures to ensure integrity of the Hospital's management of risk and internal controls.
- Review, at regular meetings, Management's performance against approved deliverables.

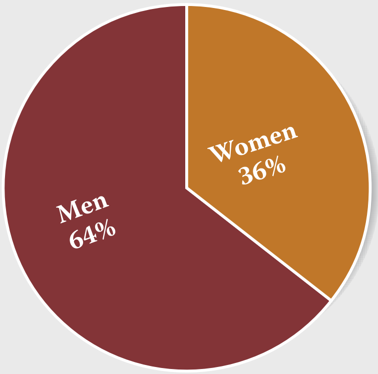
The full Board meets at least five times a year and the Chairperson holds weekly meetings with the Chief Executive Officer. The Board members are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance matters. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Hospital's overall internal control, financial, operational and compliance framework.

BOARD DIVERSITY

The Board comprises of the following skill set:

Skill	Count	% Age
Medical	5	36%
Governance	1	7%
Finance	3	21%
Administration	2	14%
Engineering	1	7%
Legal	2	14%
	14	100%





The Nairobi Hospital Board complies with the 2/3 gender rule with 36% being female and 64% male.

BOARD MEETINGS

The Board meets quarterly as per its annual work plan or additionally when necessary to consider matters of business oversight. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within the stipulated timeline.

The Main Board held 8 meetings attended as follows:

Member	Meetings attended
Dr. W. Irungu Ndirangu (Maj. Rtd)	8
Hon. Dr. Chris M. N. Bichage	8
Mr. Robert Shaw	8
Mr. Richard Baraza	8
Dr. Jane Kabutu	7
FCPA Agnes Odhiambo, CBS	8
Dr. David Githanga	8
Dr. Louis Litswa	8
Dr. Magdalene Muthoka	7
Mr. Philemon Mwaisaka, EBS, SS	8
Mrs. Ludmila Shitakha, HSC	8
Mrs. Catherine Kola	8
Eng. Godfrey Marambe	8
Hon. Justice (Rtd) Philip Waki, EBS	8

BOARD REMUNERATION

Non-Executive Directors provide services to the company to which they are entitled to a remuneration as provided for by the Kenya Hospital Association's Memorandum and Articles of Association. They are paid a standard fee for attending Board meetings, board committee meetings and any other company business that they may be called to undertake.

COMMITTEES OF THE BOARD

The Board has five standing committees, which meet regularly under the terms of reference set by the Board Charter.

Audit, Risk and Governance Committee

The Audit and Risk Management Committee meets at least four times a year. Its membership comprises six non-executive members and the Head of Internal Audit attends. The external Auditors attend the meeting when requested by the Committee. Its responsibilities include monitoring of internal controls and management of financial, exchange, interest, and other risks. The internal audit and risk departments perform various activities in the evaluation of risk management, control, and governance. Significant business risks in the systems and financial controls are highlighted and brought to the attention of the Audit and Risk Management Committee, Senior Management, and external auditors. The committee held 7 meetings attended as follows by the members during their respective tenures on the committee:

FCPA Agnes Odhiambo, CBS	Chairperson	7/7
Mr. Robert Shaw	Member	7/7
Dr. Jane Kabutu	Member	2/2
Dr. David Githanga	Member	5/5
Dr. Louis Litswa	Member	2/2
Mrs. Ludmila Shitakha, HSC	Member	5/5
Mrs. Catherine Kola	Member	2/2
Hon. Justice (Rtd) Philip Waki, EBS	Member	5/5

Corporate Governance continued

Medical Advisory Committee

The Board has constituted a Medical Advisory Committee, which meets at least four times a year. Its membership comprises elected members of the Admitting Staff. The Chief Executive Officer and the Matron/Director of Nursing Services and Director, Medical Services and Research attend its meetings. Its responsibilities include the review of professional standards, ethics and any patients' complaints against the performance of any consultant. It also lays down rules of operating procedures and conduct. The committee oversees the Divisions of Anesthesia, Medicine, Pediatrics, Surgery, Obstetrics and Gynecology amongst other clinical areas. In 2021, the committee met each month.

Mr. Richard Baraza	Chairperson	12/12
Dr. Jane Kabutu	Vice Chairperson & Chairperson, Division of Anaesthesia	12/12
Dr. Carol Odula-Obonyo	Chairperson, Division of Obstetrics & Gynaecology	10/12
Dr. Gladwell Kiarie	Chairperson, Division of Medicine	9/12
Dr. Paul Musila	Chairperson, Division of Paediatrics	12/12
Dr. J. C. Munene	Chairperson, Division of Surgery	12/12
Dr. Agnes Gachoki	Member at Large	11/12
Prof. G. W. Jaldesa	Member at Large	12/12
Dr. Mbira Gikonyo	Member at Large (COVID-19 Taskforce)	8/12
Dr. Luke Musau	Co-opted Member	11/12

Finance and Investment Committee

The Finance and Investment Committee meets at least four times a year. Its membership comprises seven non-executive members. The Chief Executive Officer and the Finance Director attend as co-opted members to deliver technical expertise. The Head of Internal Audit attends upon request.

The Committee's main responsibilities include:

- Receiving and considering the Association's annual budget and periodic management accounts.
- Reviewing annual financial statements.
- Reviewing compliance with accounting standards.
- Considering recommendations for capital expenditure; and
- Evaluating investment proposals before they are approved by the Board.

The committee held 7 meetings attended as follows by the members during their respective tenures on the committee:

Mr. Philemon Mwaisaka, EBS, SS	Chairperson	7/7
Dr. Louis Litswa	Member	1/1
FCPA Agnes Odhiambo, CBS	Member	7/7
Mr. Richard Baraza	Member	7/7
Dr. David Githanga	Member	6/6
Dr. Magdalene Muthoka	Member	7/7
Mrs. Catherine Kola	Member	4/6
Eng. Godfrey Marambe	Member	6/6

Human Resource Committee

The Human Resources Committee of the Board meets at least quarterly. The Committee is mandated to review and formulate, on behalf of the Board, human resources policies for the Hospital on employee recruitment, learning and development, staff welfare and organizational design. It is further mandated to oversee the implementation of human resources strategic objectives. In 2021, its membership comprised eight non-executive members.

The committee held 7 meetings attended as follows:

Dr. Magdalene Muthoka	Chairperson	8/8
Hon. Dr. Chris M. N. Bichage	Member	7/8
Mr. Robert Shaw	Member	7/8
Dr. Jane Kabutu	Member	8/8
Dr. David Githanga	Member	2/2
Dr. Louis Litswa	Member	6/6
Mr. Philemon Mwaisaka, EBS, SS	Member	8/8
Hon. Justice (Rtd) Philip Waki, EBS	Member	5/5

Infrastructure Projects Management Committee

The Infrastructure Projects Committee fulfills the Hospitals infrastructure planning and development activities. The role of the committee includes oversight, reporting and making recommendations to the Board with emphasis on a long-term strategic infrastructure plan. Its membership comprises seven non-executive members with senior management co-opted into the deliberations based on project expertise.

The committee held 12 meetings attended as follows by the members during their respective tenures on the committee:

Hon. Dr. Chris M. N. Bichage	Chairperson	12/12
Mr. Richard Baraza	Member	12/12
Dr. David Githanga	Member	3/3
Dr. Louis Litswa	Member	8/8
Mrs. Ludmila Shitakha, HSC	Member	11/11
Mrs. Catherine Kola	Member	8/8
Eng. Godfrey Marambe	Member	8/8
Hon. Justice (Rtd) Philip Waki, EBS	Member	3/3

INTERNAL CONTROLS

The Hospital has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover processes for obtaining authority for transactions and for ensuring compliance with laws and regulations. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains appropriately structured to ensure segregation of duties. In reviewing the effectiveness of the systems of internal control, the Board considers the results of all the work carried out to audit and review the activities of the Hospital. A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Daily meetings are held by senior management to monitor operations and performance.

Corporate Governance continued

RISK MANAGEMENT AND COMPLIANCE

The Board continues to monitor its Risk and Compliance issues by assessing and responding to all the risks that could affect achievement of its strategic, financial, and operational objectives. This includes clinical risks, all non-clinical risks, Quality Management Systems, the Continuous Quality Improvement program and all compliance matters.

The risk management program is based on ISO31000:2018 Risk Management standard. Risk assessments are performed on an ongoing basis based on an identified risk taxonomy. Continuous monitoring and engagement are also done to ensure appropriate mitigation of risks with various stakeholders in the hospital.

The Quality Management System is run based on ISO 9001:2015, the quality department also oversees Food Safety based on ISO 22001:2018, Environmental Management based on ISO 14001:2015 and Occupational Health and Safety matters based on ISO 45001:2018. The hospital is certified on all these standards except for ISO 45001 but is working towards the same.

The hospital faces risks including but not limited to competition risks, regulatory risks, credit risk emanating from cash paying patients and insurance partners that take a long time to honor payments, reputational risks, information technology risks, personnel risks, and operational risks. The management is continuously responding to the identified risks and puts in place short term and long terms measures to mitigate these risks, among others.

CODE OF ETHICS

The Hospital is committed to the highest standards of integrity, behavior, and ethics in dealing with all its stakeholders. A formal code of ethics has been approved by the Board and is fully implemented to guide management, employees, and stakeholders on acceptable behavior in conducting business. All employees of the Hospital are expected to avoid activities and financial interests that could conflict with their responsibilities to the Hospital.

COMMUNICATION WITH KHA MEMBERS

The Hospital is committed to ensuring that KHA members are provided with full and timely information on the operations and performance of the Hospital. This is achieved by the distribution of the Hospital's annual report and the release of notices and circulars to the press as and when necessary. An open day held annually provides members with the opportunity to see for themselves the developments going on at the Hospital and to engage constructively with the Board and Management on pertinent issues.

Dr. W. Irungu Ndirangu (Maj. Rtd)
Chairperson

James Nyamongo, MBS
Chief Executive Officer

23rd August 2022

Board of **Management Profiles**

Dr. W. Irungu Ndirangu (Maj Rtd) - Chairperson

Dr. Ndirangu is the current Chairman of Kenya Hospital Association. He holds a Bachelor of Medicine and Surgery from the University of Nairobi,1979. He attained his Masters in ENT and Head Neck Surgery in 1991. He also has a diploma in ENT Surgery from Royal College of Surgeons of England after intensive training at Royal Ear Nose and Throat Hospital in London and Glasgow Royal Infirmary.

Dr. Ndirangu is a Senior Ear Nose and Throat Surgeon with a Private Clinic at Upper Hill Medical Centre where he is also a Director of Board of Management. He has a special interest in Rhinology, Sleep breathing disorders and Noise Induced Deafness. He has had extensive surgical trainings in Europe, America and Asia.

Dr. Ndirangu is the former Chairman of Kenya ENT Society and Eardrop Voluntary Society. He is a Retired Military Officer with the rank of Major. He pioneered Ear Nose and Throat Surgery in the Department of defense of the Republic of Kenya

Hon. Dr. Chris M. N. Bichage - Vice-Chairperson

Hon. Bichage is the current Vice-Chairperson, Board of Management. He is the current Chairperson Infrastructure Projects Management Committee and is a memeber of the Human Resource Committee of the Board. He holds a Bachelor of Building Economics from the University of Nairobi and a Bachelor of Arts in International Relations from United States International University-Africa (USIU). He also holds a Master of Arts in International Relations from United States International University – Africa (USIU).

Hon. Bichage is currently the Chairman of iMed Healthcare Ltd and Eremo Stores Limited. He has previously worked at Standard Chartered Bank, Unilever East Africa in the operations department and at Coffee Board of Kenya where he worked in various capacities up-to the position of International Marketing Director.

Hon. Bichage was a Director of various organizations among them being, GS1 Kenya (2000-2015), Kenya International Freight and Warehousing Association (KIFWA) (1997-2012), Co-operative Finance Co. Ltd (1989 – 1992) and Co-operative Bank of Kenya (1986 – 1992. He was an elected Member of Parliament for Nyaribari Chache Constituency in 2013.

Mr. Richard Baraza - Director

Mr. Richard Baraza is the Chairman of the Medical Advisory Committee and the Admitting Staff Association of the Nairobi Hospital. In the Board of Management, he is a member of the Finance and Investment Committee and Infrastructure Projects Management Committee of the Board.

Mr. Baraza attained his Bachelor of Medicine and Bachelor of Surgery degree from Makerere University in 1972 and in 1973 he enrolled for M. Med Surgery at the University of Nairobi qualifying in 1977. He joined the department of Human Anatomy of the same University rising to the position of Senior Lecturer and Head of the Department. In 1980 he left for University of London Gower Street as Research fellow and was a part-time lecturer in the Department of Anatomy.

He worked in Kenyatta National Hospital from 1985 as a consultant General Surgeon and Urologist before joining the Nairobi Hospital a year later where he has been an Admitting staff since then. He was appointed Head of A&E in 1989 and later worked with the team which started the kidney transplant programme at the Nairobi Hospital. It was also through his effort (with other colleagues) that laparoscopy was introduced at the hospital.

He was appointed Chairman of the Medical Practitioners and Dentists Board and it was under his leadership that the Board gained financial independence from the Ministry of Health. He was elected Chairman of the Surgical Division and later Chairman of the Medical Advisory Committee and Admitting Staff Association from 2001- 2007. He sat on the Editorial Board of the East African Medical Journal and was a peer reviewer for it for several years.

Board of **Management Profiles** continued

Mr. Philemon Mwaisaka, EBS, SS - Director

Mr. Philemon Mwaisaka is the Chairman Finance and Investment Committee and is a member of the Human Resources Committee of the Board.

Mr. Mwaisaka holds a Bachelor degree in Sociology from the University of Nairobi and Post graduate trainings in Administration from Kenya School of Government and Birmingham University, UK.

Mr. Mwaisaka has over 30 years' experience in administration and management in large organization both in the public and private sector. He has previously worked as District officer and District Commissioner serving various counties. He was also the Permanent Secretary in the Ministry of Transport and Communications, Ministry of Supplies and Marketing, Ministry of Tourism and Wildlife, Ministry of Co-operative Development amongst others.

Mr. Mwaisaka has board experience having served in various boards among them, Kenya Railway Corporation, Kenya Airways, Kenya Wildlife Services, Co-operative Bank of Kenya, Coffee Board of Kenya, Kenyatta National Hospital Management Board amongst many other companies.

From November 2003 to March 2007, he was the Principal, Kenya Utalii College where he was also elected and served as the Secretary General of Africa Hotel Schools Association in which he represented Africa in many International Conferences, Conventions and Exhibitions.

Dr. Magdalene Muthoka, PhD - Director

Dr. Magdalene Muthoka is the Chairperson Human Resources Committee and is a member of the Finance and Investment Committee of the Board.

Dr. Muthoka holds a diploma in Human Resources Management from Kenya Institute of Management, Bachelor of Commerce (commerce-accounting) from University of Nairobi, Master of Science, Human Resources Management and Doctor of Philosophy, Human Resource Management both from Jomo Kenyatta University of Agriculture & Technology. Dr. Muthoka is a full member of Institute of Human Resource Management (IHRM) and an Associate member of Kenya Institute of Management (AKIM).

Dr. Muthoka is a certified professional in Human Resources with a PhD in Human Resource Management with over 20 years work experience and 15 years as a Senior HR Practitioner both in Private companies and State Corporations.

Magdalene is currently the Chief Manager, Human Resource & Administration at the New Kenya Co-operative Creameries, a position she has held from 2011 to date. Previously, she has worked at the Mater Hospital as the Deputy Head of Human Resources, a role she held from 2006 to 2011. She has also worked at Magana Flowers Kenya Limited as Human Resource Manager, just to name a few.

FCPA Agnes Odhiambo, CBS - Director

Mrs. Agnes Odhiambo is the Chairperson Audit Risk and Governance Committee and is a member of the Finance and Investment Committee of the Board.

Mrs. Odhiambo holds a Master of Business Administration degree and a Bachelor of Commerce (Accounting Option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya and a Fellow of the Institute of Certified Public Accountants of Kenya. She is also a member of the Association of Women Accountants of Kenya (AWAK) and Women Corporate Directors (WCD).

Mrs. Odhiambo is a finance professional with over 30 years' experience, having held various senior management positions in both the Public and Private Sectors. She was the immediate former Controller of Budget in Kenya and has also held other senior positions in the Public Sector. She was the Chief Executive Officer of the Constituencies Development Fund Board and the Director of Finance and Administration at Kenya Post Office Savings Bank (Postbank).

Board of **Management Profiles** continued

FCPA Agnes Odhiambo, CBS - Director (continued)

Prior to joining the Public Sector, Mrs Odhiambo served in several private sector organizations. She was the Finance Director at Metro Cash & Carry Limited (Kenya and Uganda), Finance Manager at Unga Feeds Limited and Financial Consultant at Deloitte Haskins and Sells Management Consultancy Ltd (presently Deloitte). She started her career at BAT Kenya Limited as an Assistant Accountant.

Mrs. Odhiambo has served on various Boards both in the Public and Private Sectors. She is currently servicing as Chairperson of the National Transport and Safety Authority (NTSA) and a Board member of World Wide Fund for Nature- Kenya (WWF- Kenya).

Dr. Jane Kabutu - Director

Dr. Jane Kabutu is the Vice-Chairperson Medical Advisory Committee (MAC) and is a Member of the Human Resources Committee and the Audit Risk and Governance Committee of the Board. She is also the Chairperson of the Standard Audit and Ethics Committee of MAC which safeguards the level of standards of medical practice and ethics under the guidance of the Medical Advisory Committee (MAC). She is a Consultant Anaesthetist at the Nairobi Hospital and currently the Chairperson Division of Anaesthesia. She has been an Admitting Consultant at the Nairobi Hospital and she has a vast experience in Clinical, Healthcare Management and Organizational Development.

Mr. Robert Shaw - Director

Mr. Robert Shaw is a member of the Human Resources Committee and the Audit Risk and Governance Committee of the Board.

Mr. Shaw attained his Bachelor of Arts degree in History and Politics in 1987 from the University of York, UK. He has a rich and broad experience in the areas of public policy and responsibility, governance advocacy, corruption and work ethics, commerce and administration. He also played a humble part in the dawn of the multiparty era.

He has been a board member of various private and public nonprofit making organizations among them Transparency International – Kenya and Institute of Economic Affairs. He previously served as a board member of the Nairobi Hospital between 1998 and 2002 where he was a member of the Finance Committee.

Mr. Shaw is a writer, analyst and researcher on Kenyan economic and public policy issues. He is a regular contributor to Kenya's Daily Nation and Business Daily.

Dr. David Githanga - Director

Dr. David Githanga is a member of the Infrastructure Projects Management Committee and the Human Resources Committee of the Board.

Dr. Githanga graduated as Paediatrician in 1990 from the School of Medicine, University of Nairobi before proceeding to Royal Hospital for sick children, Glasgow in 1991 to study Paediatric cardiology.

In 2010, he obtained a Master of Science in Public Health from the University of London and thereafter in 2019 earned a PHD in "Prevalence of Chronic Aflatoxin Exposure and the Resultant Clinico-immunological Effects in Children in Makueni County Kenya" from the University of Nairobi, Department of Medical Microbiology.

Dr. Githanga started his career at Kenyatta National Hospital where he worked as a Consultant Paediatric Cardiologist as well as the Quality Assurance Manager. He served as the Chairman of the Division of Paediatrics at the Nairobi Hospital between 2001 and 2007. Dr. Githanga is a Consultant Paediatric Cardiologist and Public Health Specialist.

He is the immediate past Chairman of the Kenya Paediatric Association (KPA) and is a member of Kenya National Immunization Technical Advisory Group (KENITAG) and Rotary

Board of **Management Profiles** continued

Dr. David Githanga - Director (continued)

District Chair of Polio Eradication Team and the Current Chair of WHO Regional Committee on Measles-Rubella eradication. He is also a Board Member of the Thomas Barnados Children's Home.

Dr. Githanga runs his full time paediatric clinic in The Nairobi Hospital.

Mrs. Ludmila I. Shitakha, HSC - Director

Mrs. Ludmila Shitakha is a member of the Infrastructure Projects Management Committee and the Finance and Investment Committee of the Board.

Mrs. Shitakha has a post graduate qualification in economics and international health. She has also trained both locally and overseas in Healthcare Management and financing, monitoring and evaluation, gender and development, quality assurance and corporate governance.

She is a retired senior public servant (34 years), experienced in strategic planning, budgeting, performance contracting, policy development for social sector with special emphasis on health, nutrition, gender, children in difficult circumstances, HIV infected and affected and people with disabilities. She was awarded Head of State Commendation (HSC) in 2012.

Mrs. Shitakha has served as Chairperson, Nairobi Club between December 2018 and May 2019. She is an active member of East African Women's League that assists underprivileged women and children.

Dr. Louis A. Litswa - Director

Dr. Louis Litswa is a member of the Finance and Investment Committee and the Audit Risk and Governance Committee of the Board.

Dr. Litswa holds a Bachelor of Medicine and Bachelor of Surgery and a Master of Medicine (Anaesthesia) from the University of Nairobi. He has been a Consultant Anaesthesiologist and Critical Care Practitioner since 2003 with a predilection for paediatric, geriatric and otorhinolaryngology anaesthetic practice. He has been a Consultant anaesthesiology at the Nairobi Hospital and Gertrude Children's Hospital since 2008.

He has also served as a member of the Medicines and Therapeutics Committee at the Nairobi Hospital from 2016 to 2019. He further served in the Medical Advisory Council at the Mater Hospital from 2015 to 2017 initially as the Vice-Chairperson and subsequently as the Chair.

Currently, he is the Chair of the Kenya Society of Anaesthesiologists, the national professional society, and Chair of Division of Anaesthesia at Gertrude's Children's Hospital.

Mrs. Catherine Adongo Kola - Director

Mrs. Kola is a member of the Infrastructure Projects Management Committee and the Audit Risk and Governance Committee of the Board.

Mrs. Kola holds a Bachelor of Laws, LLB, Honors Degree from the University of Nairobi. She is an Advocate of the High Court of Kenya and a Certified Public Secretary of Kenya, (CPSK) and is a member of the Institute of Certified Public Secretaries of Kenya.

Mrs. Kola is currently the Chief Executive Officer of C.A. Kola and Company Advocates offering Legal advisory services in various consultancies in the energy sector undertaken for Kenya, Rwanda, South Sudan, Zambia, SADC and currently for the East African Pool comprising eleven countries; capital markets specialization, conveyancing and litigation.

Mrs. Kola is a Senior Legal Consultant with over 40 years experience spanning from private practice, in-house legal counsel, company secretarial work, development banking, capital markets, energy sector and pension fund management. She was a Non-Executive Director for KCB Group, Plc from 2009 to 2017, where she was Chairperson of KCB Burundi, KCB Foundation and KCB Pension Scheme. She also chaired the Group Credit and Group HR Committees and was a member of the IT and Strategy and Risk Committees. Between 2001 and 2008 she was Commission Secretary at Energy Regulatory Commission.

Catherine Adongo Kola - Director (continued)

Mrs. Kola is a member of the Law Society of Kenya, International Federation of Women Lawyers (FIDA), Institute of Certified Secretaries of Kenya, Institute of Directors, Kenya and Women on Boards Network.

Eng. Godfrey Marambe Momanyi - Director

Eng. Momanyi is a member of the Finance and Investment Committee and the Infrastructure Projects Management Committee of the Board.

He holds a Bachelor of Science (Mechanical Engineering) from University of Nairobi, Global Executive MBA from United States International University-Africa and a Master of Science (Energy Management) from University of Nairobi.

Eng. Momanyi is a trained and experienced professional Mechanical Engineer with wide experience in the energy industry and has been involved in more than 100 energy audits and several renewable energy projects. His expertise ranges from construction, building services, renewable energy, energy efficiency, feasibility studies, utilities management and capacity training.

Eng. Momanyi is currently a Director at Energy Intelligence Africa Ltd a company that deals with Engineering, Energy efficiency and Renewable Energy. Previously, he worked at Pius Energy Services Africa Ltd (Energy Efficiency) as an Energy Engineer.

He is a Council Member and a Committee Member of Institution of Engineers Kenya and a former Board member of Kenya Green Building Society. He is also a member of Rotary International.

He is a registered professional Engineer with the Engineer's Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He is a Green Star SA Accredited professional on New Buildings.

Hon. Mr. Justice (Rtd) Philip Nyamu Waki, EBS - Director

Justice Waki is a member of the Human Resources Committee and the Infrastructure Projects Management Committee of the Board.

Justice Waki qualified from the University of Nairobi with a Bachelor of Laws (Hons) Degree in 1974. He was admitted to the Roll of Advocates in Kenya in 1975. He was in private practice for 20 years until he joined public service upon appointment as a Judge of the Court of Appeal. He served as the presiding Judge of the Court of Appeal in Nyeri, Head of the Civil Division, and Acting President of the Court. In January 2012, he was appointed by the United Nations Secretary General and the President of Sierra Leone to serve at the level of Undersecretary General of the United Nations as an Alternate Judge of the Appeals Chamber in the UN Special Court for Sierra Leone, sitting in The Hague, Netherlands. In December 2013, he was appointed by the UN Secretary General to serve as a Judge of the Residual Special Court for Sierra Leone and was elected by the plenary of Judgers of that court as the President for a period of 3 years which he is still serving as the Judge to date.

In his 24 years of public service, Justice Waki was deeply involved in the judiciary's governance reform agenda. He was a member of various committees which were instrumental in laying firm foundations for the transformation of the Judiciary such as The Rules Committee, the Expeditious Disposal of Cases Committee, the Technical Co-ordination Committee of Governance, the Judiciary Information and Communication Technology Committee, the Court Users Committee among others.

He is now retired from the Kenyan Judiciary but is a Practicing Advocate of the High Court of Kenya, and Commissioner for Oaths.

Board of **Trustees Profiles**

Hon. Prof. Githu Muigai, EGH, SC - Chairperson

Prof. Githu Muigai is a Senior Partner at Mohammed Muigai LLP, the Vice President of the London Court of International Arbitration-Africa Users Council, Professor of Law at the University of Nairobi and a Chartered Arbitrator of the Chartered Institute of Arbitrators (C.Arb).

Prof. Githu is also the immediate former Attorney General of the Republic of Kenya. Due to his outstanding contribution to the legal field, Prof. Muigai was conferred the rank of Senior Counsel in 2012 and bestowed the Honour of Elder of the Golden Heart (EGH) by the right Honorable President of the Republic of Kenya.

He was called to the Bar in 1985 and has extensive experience throughout his career in Arbitration matters, Procurement Law, Corporate Finance, Civil and Commercial Litigation.

He is a member of the Law Society of Kenya, International Bar Association, International Commission of Jurists, Permanent Court of Arbitration – The Hague, Nairobi Centre for International Arbitration – Kenya amongst others.

Dr. J.A. Aluoch, EBS - Vice-Chairperson

Dr. Aluoch is a Consultant Chest Physician at The Nairobi Hospital. Previously he was a Senior Consultant, Chest Diseases at Kenyatta National Hospital and Infectious Diseases Hospital (IDH), Honorary Lecturer, Department of Medicine, University of Nairobi, Honorary Consultant Tuberculosis, World Health Organization amongst others.

He has had a myriad of board experience which includes KEMRI Board of Management, National Hospital Insurance Fund, Nairobi City Council Chairperson, Public Health Committee. In the Professional front, he has been the National Chairperson of Kenya Medical Association, Chairperson Association of Physicians of East and Central Africa, Vice-Chairperson Hospital Medical Committee at Mater Hospital.

He spearheaded the first guidelines for antiretroviral therapy in Kenya and Kenya Medical Association was at the centre of its development. He was the President of Nairobi Club from 2015 to 2017. In 2017 he was awarded honorary membership of the International Union Against Tuberculosis and Lung Diseases.

Dr. Aluoch is an author of an Auto-biography "In the Footsteps of my father" 2015 and "Fifty Years of Health Services in Kenya (1968-2018).

Dr. Aluoch has received a number of awards among them, 41 years' of service at Nairobi Hospital (2018), 50 years of distinguished award, Elder of the Burning Spear (EBS) Presidential Award 2008, Life Time Achievement Award from Kenya Association of Physicians 2020 amongst others.

Mr. Edward R. O. Ouko, FCPA, CBS

Mr. Ouko served as the Auditor-General of the Republic of Kenya from August 2011 to August 2019. He has over 40 years' remarkable working experience with a successful record of accomplishments in auditing, accounting and investigations. Some of the assignments and achievements he attests to during his professional and work engagements include having been involved in close networking with Multilateral Development Banks (MDBs) and UN agencies for over 20 years on matters of investigations and audit. While at the African Development Bank, he directed and supervised audits, anti-corruption, fraud and investigation functions for over 12 years cumulatively. In addition, he collaborated in a Working Group as a member of the MDBs and the UN Heads of Internal Audit on revising the Institute of Internal Auditors (IIA) standard on the current definition of Internal Auditing. He also contributed to the drawing up the first Standards of Investigation for the UN, MDBs and OLAF in 2003.

Board of **Trustees Profiles**

Mr. Edward R. O. Ouko, FCPA, CBS (continued)

He is a Member of the Advisory Board; Vienna-Based International Anti-Corruption Academy, (IACA) which was set up by the UN Office on Drugs and Crime (UNDOC), the European Union Anti-Fraud Office (OLAF) and signatory countries, to serve as a Centre of excellence for anti-corruption research, degree-based learning and the development of policies and procedures to prevent and combat corruption.

Prof. Orpha Kemunto Ongiti

Prof. Orpha Ongiti is an Associate Professor, Educational Administration and Policy Studies, Africa Nazarene University (April 2013)-(ANU). She is the current Dean, Postgraduate Studies and Director of the Institute of Research at the Africa Nazarene University a position she has held since 2012. Previously, she was the Principal, Nairobi Campus, Africa Nazarene University from March 2011 to December 2019.

Prof. Ongiti is a Member, Management Board of the Africa Nazarene University, the Senate, Africa Nazarene University and is the Chair, Board of Postgraduate Studies of Africa Nazarene University. She is a Member, Governing Council: Kenya Institute of Curriculum Development (KICD), Board of Trustee: Pension Scheme, where she is the Chair, Human Resource and Governance committee and is a member of the Audit and Risk Management committee, Technical Committee of Curriculum Development.

Hon. Esther Murugi Mathenge, EGH

Hon. Esther Murugi is currently a Director of Lustman & Co (90) Ltd a Real Estate Company.

Hon. Murugi has a Master's degree from the Univesita Cattolica Del Sacro CUORE in Global Business and Sustainability in Social entrepreneurship track.

She graduated from the University of Nairobi with a BA Land Economics and is currently a registered member of the institute of surveyors, Kenya in valuation, estate agency and land management chapter. She worked with the Government of Kenya as a Land Administrator and thereafter with several real estate companies before opening her own company Lustman & Co (90) Ltd which deals with property management and valuation.

Hon. Esther was a member of parliament representing Nyeri Town Constituency from 2008-2017. She was the Minister for Gender, Children and Social Affairs. This involved formulation of policies for the care of children and most vulnerable in society i.e. elderly and persons with disability (2008 – 2010).

She also served as the Minister of Special Programmes which entailed dealing with disaster both manmade and natural. Her responsibilities also required her to formulate disaster management and HIV policies (2010 – 2013).

Mrs. Jane Muigai-Briggs

Mrs. Briggs is an expert in Banking and Finance having worked for over 30 years with international and regional financial institutions in Treasury Management, Development Finance, Corporate Finance, Capital Markets, Trade Finance and Private Equity. She is the Wind Power Project Co-founder and Developer.

Mrs. Briggs is currently a Director at Eagle Africa Capital Partners Limited a firm that provides Corporate Finance Advisory Services in Kenya and also a capital investment vehicle sourcing local capital.

Previously, she has worked as an Independent Financial Advisor at International Finance Corporation, a position she held from 2007 to 2016, Principal Officer at Eastern and Southern African Trade Development Bank (PTA Bank), Head, Corporate Finance and Capital Markets at ABN AMRO Bank N.V. Kenya, Executive Director at Loita Capital Partners amongst others.

She's been a Director at Eagle Africa Capital Partners Limited, Prunus Energy Systems Limited and Mobile Financial Solution Limited. She is a member of Karura Community Chapel, Muthaiga Country Club and Windsor Gold and Country Club.

Operating Statistics

OPERATING STATISTICS

	2021	2020	Percentage change
MEMBERSHIP			
KHA members	2,434	2,267	7%
HOSPITAL SERVICES			
Beds available	354	354	-
Eastwing-UN TNH Hospital	135	100	35%
Patients admitted	15,352	14,477	6%
Average bed occupancy	54%	61%	-11%
Total in-patient days	93,165	80,738	15%
Average length of stay	5 days	5 days	
Overall Out-patient totals	145,251	111,571	30%
Operations performed			
Main theatre			
Major operations	3,557	4,067	-13%
Minor Operations	1,714	1,352	27%
Total	5,271	5,419	-3%
Labour ward theatre			
Major operations	1,490	1,625	-8%
Minor Operations	270	347	-22%
Total	1,760	1,972	-11%
Day Surgery			
Total DSU operations	1143	505	126%
Details			
Births	3,224	3,572	-10%
Laboratory tests	729,138	561,053	30%
Radiology services	81,001	73,211	11%
Renal Unit Services	13,837	14,141	-2%
Endoscopy	5,572	6,238	-11%
Rehabilitation services	89,580	60,263	49%
Pharmacy prescriptions	554,824	466,541	19%
Oncology	20,082	19,408	3%

Report of the Board of Management

The Board of Management has the pleasure of submitting its annual report and the audited financial statements for the Kenya Hospital Association (the "Association") for the year ended 31 December 2021, in accordance with the Kenyan Companies Act, 2015, which disclose the state of affairs of the Association.

INCORPORATION

The Association is incorporated under the Kenyan Companies Act as an Association Limited by Guarantee and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The Association provides not-for-profit private health care services through The Nairobi Hospital (TNH). It also provides the Kenya Registered Nurse (KRN) as well as specialized courses training for the nursing profession in Kenya.

BUSINESS REVIEW

Financial Performance

The surplus for the year 2021 of Sh. 320 million has been transferred to the operating fund. The surplus is primarily because of an increase in patient visits accompanied by increase in prescriptions and laboratory services. The business recorded an increase on its revenue of 19% to Sh. 11.8 billion up from Sh. 9.9 billion the previous year. This was during a generally depressed economic environment and an equally challenging health sector.

Principal risks and uncertainties

The Board of management is constantly reviewing whether the policies and risk management programs in place are appropriate and effective to manage and minimize the exposure in the long term.

The risks that the Association is exposed to include:

- Financial Risks, these include the market risks, credit risk, foreign exchange fluctuations exposure and other regulatory risks that affect the market and financial sector operations which could have a ripple effect on the association.

- Operational risk mainly includes both internal and external factors that affect the Association processes, personnel, technology, and infrastructure. The legal and regulatory requirements can have a significant impact on the operations of the Association. Demands from the Collective Bargaining Agreements (CBA) giving rise to increase in labor costs, different level of governance structures, which affect the state of the infrastructure among others impact operations of the association.

Corporate Social Responsibility

Social sustainability requires development of policies and practices that promote the co-existence of the association with both the internal and external stakeholders. The association continues to be actively involved in corporate social responsibilities within various communities.

Report of the Board of Management continued

Outlook

The Hospital's focus continues to be on quality patient care, which is the pillar of the Hospital, and it is with this culture of service excellence that continues to strengthen our patient-focus, service delivery and processes to deliver healthcare with a difference. This is outlined in our strategic plan and the initiatives to deliver quality to all our stakeholders. While the operating environment still poses challenges, we have taken deliberate strategies to ensure that the delivery of these initiatives remains on track.

The present members of the Board of Management are listed on page 24,25,44,45,46,47,48

BOARD OF MANAGEMENTS' STATEMENT AS TO INFORMATION GIVEN TO AUDITORS

Each of the persons who is a member of the Board of Management at the date of approval of this report confirms that:

- so far as the Board Member is aware, there is no relevant audit information of which the Association's auditors are unaware; and
- the Board Member has taken all the steps that he/she ought to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

AUDITORS

Deloitte & Touche LLP, having expressed their willingness, continue in office in accordance with the provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Board of Management monitors the effectiveness, objectivity and independence of the auditor. The Board of Management also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Dr. W. Irungu Ndirangu (Maj. Rtd)
Chairperson, Board of Management

Nairobi, Kenya

23rd August 2022

Statement of Board of Management's Responsibilities

The Kenyan Companies Act, 2015 requires the Board of Management to prepare financial statements for each financial year that give a true and fair view of the financial position of the Association as at the end of the financial year and of the results of its financial activities for that year. It also requires the Board of Management to ensure that the Association maintains proper accounting records that are sufficient to show and explain the transactions of the Association and disclose, with reasonable accuracy, the financial position of the Association. The Board of Management is also responsible for safeguarding the assets of the Association, and for taking reasonable steps for the prevention and detection of fraud and error.

The Association's Board of Management accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
(ii) selecting suitable accounting policies and applying them consistently; and
(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Association's ability to continue as a going concern, the Board of Management is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Association's ability to continue as a going concern.

The Association's Board of Management acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Association's Board of Management on 23rd August 2022 and signed on its behalf by

Dr. W. Irungu Ndirangu (Maj. Rtd)
Chairperson, Board of Management

Hon. Dr. Chris M. N. Bichage
Vice Chairperson, Board of Management

Deloitte.

Deloitte & Touche LLP
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092- GPO 00100
Nairobi
Kenya

Tel: +254 (20) 423 0000
Cell:+254 719 039 000
Dropping Zone No. 92
Email: admin@deloitte.co.ke
www.deloitte.com

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kenya Hospital Association, set out on pages 62 to 97, which comprise the statement of financial position as at 31 December 2021, and the statement of income and expenditure and other comprehensive income, statement of changes in fund balances and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Management is responsible for the other information, which comprises the Chairperson's statement, the Chief Executive Officer's Statement, the Corporate Governance Statement, Operating Statistics and the Report of Board of Management which were obtained prior to the date of the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Management for the Financial Statements

The Board of Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal controls as the Board of Management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the company'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 the Board of Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;

- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Kenya Companies Act, 2015

In our opinion, the information given in the Report of the Board of Management on page 55 to 56 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is
FCPA Anne Muraya, Practicing certificate No. 1697.

Anne Muraya

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi
8th September 2022


PHILIPS

Statement of Income and Expenditure and other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 Sh'000	2020 Sh'000
INCOME			
Operating revenue	4	11,343,253	9,423,456
Interest income	5(a)	190,524	160,378
Other income	6	311,944	366,363
TOTAL INCOME		11,845,721	9,950,197
EXPENSES			
Direct expenses	7(a)	(8,574,996)	(7,664,673)
Other operating expenses	7(b)	(2,884,050)	(2,761,827)
Net foreign exchange gain/(loss)	5(b)	460	(20,875)
Interest on lease liabilities	5(c)	(66,824)	(64,022)
TOTAL EXPENSES		(11,525,410)	(10,511,397)
SURPLUS/(DEFICIT) FOR THE YEAR		**320,311**	**(561,200)**

Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 Sh'000	31 December 2020 Sh'000
ASSETS			
Non-current assets			
Property and equipment	10	10,809,190	11,264,753
Intangible assets	11	65,744	94,413
Right-of-use asset	12	393,415	461,578
		11,268,349	11,820,744
Current assets			
Inventories	13	975,349	839,677
Trade and other receivables	14	1,477,836	1,572,222
Fixed deposits	15(c)	1,939,461	2,136,077
Treasury bonds	19	355,422	-
Cash and bank balances	15(b)	66,054	173,746
		4,814,122	4,721,722
LIABILITIES			
Non-Current liabilities			
Lease liabilities	16	425,362	463,441
Deferred income	20	477,195	497,854
		902,557	961,295
Current liabilities			
Lease liabilities	16	69,598	69,597
Trade and other payables	17	2,286,018	3,015,452
Deferred income	20	69,872	62,007
		2,425,488	3,147,056
Net assets		12,754,426	12,434,115
Fund Balances			
Operating fund		1,945,236	1,169,362
Capital investment fund	18	10,809,190	11,264,753
TOTAL FUNDS		12,754,426	12,434,115

The financial statements on pages 62 to 97 were approved and authorized for issue by the Board of Management on 23rd August 2022 and were signed on its behalf by:

Dr. W. Irungu Ndirangu (Maj. Rtd.)
Chairperson, Board of Management

Hon. Dr. Chris M. N. Bichage
Vice Chairperson, Board of Management

Statement of Changes in Fund Balances

for The Year Ended 31 December 2021

	Operating fund Sh'000	Capital investment fund* Sh'000	Total Sh'000
At 1 January 2020	1,807,121	11,188,194	12,995,315
Transfers to capital investment fund	(76,559)	76,559	-
Deficit for the year	(561,200)	-	(561,200)
At 31 December 2020	1,169,362	11,264,753	12,434,115
At 1 January 2021	1,169,362	11,264,753	12,434,115
Transfers to capital investment fund	455,563	(455,563)	-
Surplus for the year	320,311	-	320,311
At 31 December 2021	1,945,236	10,809,190	12,754,426

*The capital investment fund represents the company's net investment in property and equipment and as disclosed in note 18 it is stated at an amount equivalent to the net book value of property and equipment net of borrowings acquired to finance capital acquisitions if any.

Statement of Cash flows
For The Year Ended 31 December 2021

	Note	2021 Sh'000	2020 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	15(a)	394,097	902,921
Interest income received		190,524	160,592
Net cash generated from operating activities		584,621	1,063,513
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	10	(387,941)	(883,671)
Purchase of intangible assets	11	(3,108)	(3,182)
Proceeds of disposal of property and equipment		5,606	1,052
Purchase of treasury bonds	19	(360,312)	-
Net cash used in investing activities		(745,755)	(885,801)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payment of lease liability	16	(143,174)	(131,455)
Net cash used in financing activities		(143,174)	(131,455)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(304,308)	46,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,309,823	2,263,566
CASH AND CASH EQUIVALENTS AT END OF YEAR	15(b)	2,005,515	2,309,823

1 ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

For the Kenyan Companies Act, 2015 reporting purposes, in these financial statements the balance sheet is represented by/ is equivalent to the statement of financial position and the profit and loss account is presented in the statement of financial activities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Management to exercise its judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment, or where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Adoption of new and revised International Financial Reporting Standards (IFRSs) and interpretations (IFRIC)

Application of new and revised International Financial Reporting Standards (IFRSs)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2021

Several new and revised standards and interpretations became effective during the year. The Directors have evaluated the impact of the new standards and interpretations and none of them had a significant impact on the company's financial statements.

The following revised IFRSs were effective in the current year and the nature and the impact of the relevant amendments are described below.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendmends to IFRS 16

In the prior year, the Company adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

Notes to the Financial Statements continued

1 **ACCOUNTING POLICIES (Continued)**

Application of new and revised IFRSs (continued)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2021 (Continued)

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendments to IFRS 16 (Continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022);

c) There is no substantive change to other terms and conditions of the lease; and

d) Impact on accounting for changes in lease payments applying the exemption.

In the current financial year, the Company has not applied the practical expedient included in the amendment to IFRS 16 (as issued by the IASB in March 2021). There were no Covid-19 related rent concessions.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) Impact of new and amended standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, the company has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 17 - insurance contracts	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
Amendments to IFRS 3 - Reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 16 - Property, Plant and Equipment – Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022
Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	Annual periods beginning on or after 1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

1 ACCOUNTING POLICIES (Continued)

Application of new and revised IFRSs (continued)

((ii) Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board. However, earlier application of the amendments is permitted. The Board of Management of the company anticipate that the application of these amendments may have an impact on the company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

1 ACCOUNTING POLICIES (Continued)

Application of new and revised IFRSs (Continued)

(ii) Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (Continued)

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Amendments to IAS 8—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of the incremental costs of fulfilling that contract (e.g direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the start of the annual reporting period in which the entity first applies the changes. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

1 ACCOUNTING POLICIES (Continued)

Application of new and revised IFRSs (Continued)

(ii) Impact of new and amended standards and interpretations in issue but not yet effective (Continued)

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards. IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(iii) Early adoption of standards

The company did not early-adopt any new or amended standards in the year ended 31 December 2021.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Income is recognized when rights and obligations of the service has been transferred to the customer being at the point when the patient receives the services at the Hospital and is stated net of credit card commissions and prompt payment discounts.

Entrance fees by new members are taken to income when received. Members' subscriptions are recognized over a period of time when the services are provided to the members.

1 ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Student fees are recognized over the period of instruction. Fees paid in advance are deferred and are carried in the statement of financial position as liabilities.

Revenue from lease rental income is recognized when rights and obligations of the asset is transferred to the customer, that is being at the point in which the asset is utilized by the lessee

Deferred income

Deferred income represents the unamortized portion of funds received for the assets at the UN-TNH Covid hospital resulting from the partnership between the United Nations and the Nairobi Hospital. The amount recognized in the income statement is equivalent to the depreciation charge of the assets.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling on the transaction dates. Assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the year in which they arise.

Property and equipment

All categories of property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on leasehold improvements and buildings is calculated on the straight-line basis to write down the cost over the remaining term of the lease as follows:

Short term lease	12.5 years
Long term lease	35.5 years

Depreciation on all other property and equipment is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Furniture, fittings and other equipment	8 years
Medical Equipment	5 years
Computer equipment and motor vehicles	4 years

The cost of refurbishing the company's property is capitalized in the year in which it is incurred and depreciated over the remaining term of the leasehold property.

Properties in the course of construction for medical or other purposes are recorded as capital work in progress at historical cost less any accumulated impairment losses. The cost of such assets includes professional fees and costs directly attributable to the asset. Such assets are not depreciated until they are ready for their intended use.

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining changes in the fund balances.

Linen, cutlery and crockery are written off in the year of purchase.

1 ACCOUNTING POLICIES (Continued)

Intangible assets

PIntangible assets represent computer software and are stated at their historical cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated to write off the cost of computer software on the straight-line basis over its estimated useful life not exceeding three years. The useful life of intangible assets and the pattern of utilization of economic benefits arising from the use of the intangible assets are reviewed at each reporting date to take into account any changes in the market, economic and industry trends.

Leases

(a) The Association as lessee

TThe company assesses whether a contract is or contains a lease, at inception of the contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The company measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

a) The company as lessee (Continued)

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The company as lessor

The company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Financial instruments

Financial assets and liabilities are recognized in the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

Trade receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established using an ECL model in line with the requirements of IFRS 9 as outlined in the next section below. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is charged to profit or loss.

Impairment of financial assets

The company measures loss allowance equal to lifetime expected credit losses for trade receivables held at amortized cost as these receivables do not contain a significant financing component, since such receivables are normally due for settlement within 90 days from invoice date.

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Cash flows relating to short-term receivables (0-12 months) generally are not discounted, unless the effect of doing so would be material. The carrying amount of the asset should be reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss should be included in net profit and loss for the period.

As trade receivables are generally due within 90 days from invoice date, existing provision matrices/methodologies incorporating both historical and forward-looking information may be used to determine the lifetime expected credit losses and therefore measuring the provision for doubtful debts for trade receivables is not expected to change under IFRS 9.

(i) Significant increase in credit risk

At each reporting date, the company measures the loss allowance for a trade receivable measured at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

This assessment is made considering all reasonable and supportable information, including that which is forward looking. Indicators of significant increase in credit risk could include (but not limited to) any of the following:

- significant financial difficulty
- an actual breach of contract, such as a default in interest or principal payments
- a high probability of bankruptcy or other financial reorganization
- the disappearance of an active market due to financial difficulties

If there is no significant increase in expected losses, then a loss allowance for 12 months must be recognized.

(ii) Definition of default

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The company write-offs debt only when their objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

The company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities

Financial liabilities include and are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability or where appropriate, a shorter period to the net carrying amount on limited recognition.

Trade payables

Trade payables are stated at their nominal value.

Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories, which comprise pharmaceutical drugs and medicines, catering supplies, general stocks, surgical supplies, laboratory and X-ray materials, are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Goods in transit are stated at cost. The company continuously monitors inventory for obsolescence through the periodic stock taking process. Obsolete stocks identified are written off in the period identified.

1 ACCOUNTING POLICIES (Continued)

Employee entitlements

Employee entitlements to annual leave and gratuity are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements because of services rendered by employees up to the reporting date. The estimated monetary liability for employees accrued annual leave entitlements at the reporting date is recognized as an expense accrual.

Retirement benefits obligations

The company contributes to the statutory defined contribution scheme, National Social Security Fund, in respect of all its permanent employees. The company's obligations under the scheme are determined by local statute and are currently at Sh 200 per employee per month. The company also operates a defined contribution retirement benefits scheme for all its employees. The assets of the scheme are held in a separate trustee administered fund that is funded from contributions from both the company and employees.

The company's obligations to both the NSSF and the defined contribution scheme are charged to the statement of income and expenditure as they fall due.

Designated funds

Included under the capital employed in the statement of financial position are the following funds:

Operating fund

The fund represents un-appropriated net movements in fund balances from the statement of income and expenditure and other comprehensive income.

Capital investment fund

This fund represents the company's investment in property, plant and equipment and is stated at an amount equivalent to the net book value of property, plant and equipment net of outstanding borrowings acquired to finance capital acquisitions.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current year.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

In the process of applying the Association's accounting policies, the Board of Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'SACCOUNTING POLICIES (Continued)

Key sources of estimation uncertainty

Below is a disclosure of the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property, equipment and intangible assets

Critical estimates are made by the Board of Management in determining depreciation and amortization rates for equipment and intangible assets and evaluation of the useful lives of these assets.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the company to recognize a loss allowance for expected credit losses on:

- Trade receivables;
- Bank balances; and
- Treasury bonds.

In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

Determination of discount rate

The company on application of IFRS 16, makes judgement in determination of the appropriate rate to discount the lease payments and the assessment of whether a right-of-use asset is impaired.

3 FINANCIAL RISK MANAGEMENT

Critical judgements in applying the Association's accounting policies

Determining the lease term of contracts with renewal and termination options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The company has several property lease contracts that include extension options. The company applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

3. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are disclosed below:

Credit risk

Credit risk is managed on a company's basis and arises from cash and cash equivalents, deposits with banks, as well as trade receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experiences, repayment history and other factors. Bad debts are monitored closely and are minimal and when occurs are fully provided for by the company. The company has no significant concentrations of credit risk. The credit risk on bank balances is limited because the counter parties are banks with high credit ratings assigned by banking regulatory authority. The amount that best represents the company's maximum exposure to credit risk at 31 December 2021 is made up as follows:

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount Sh'000	Loss allowance Sh'000	Net amount Sh'000
31 December 2021						
Trade receivables	14	Performing	Lifetime ECL (simplified approach)	2,701,075	(1,844,209)	856,866
Doctors' fees prepayment	14	Doubtful	Lifetime ECL (simplified approach)	417,567	(308,774)	108,793
Bank balances	15(b)	Ba, Baa	12 months ECL	65,862	(458)	65,404
Treasury bond	19	Ba, Baa	12 months ECL	360,312	(4,890)	355,422
Fixed deposits	15(c)	Ba, Baa	12 months ECL	1,964,931	(25,470)	1,939,461
				5,509,747	(2,183,801)	3,325,946
31 December 2020						
Trade receivables	14	Performing	Lifetime ECL (simplified approach)	2,781,271	(1,766,263)	1,015,008
Doctors' fees prepayment	14	Doubtful	Lifetime ECL (simplified approach)	447,090	(308,775)	138,315
Bank balances	15(b)	Ba, Baa	12 months ECL	172,125	-	172,125
Fixed deposits	15(c)	Ba, Baa	12 months ECL	2,139,944	(3,867)	2,136,077
				5,540,430	(2,078,905)	3,461,525

Bank balances and bank deposits:

Bank balances and bank deposits are not restricted and include deposits held with banks that have high credit ratings

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of revenues over a period of 12 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Trade receivables

The company has identified the Gross Domestic Product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
As at 31 December 2021					
Expected loss rate	31%	50%	91%	100%	61%
Gross carrying amount -Trade Receivables (Sh'000)	1,285,395	363,110	193,888	860,212	2,701,075
Exposure at default (Sh'000)	1,285,395	363,110	193,888	860,212	2,701,075
Loss allowance (Sh'000)	391,247	184,308	182,023	1,086,630	1,844,209
As at 31 December 2020					
Expected loss rate	36%	46%	83%	100%	72%
Gross carrying amount -Trade Receivables (Sh'000)	626,151	431,786	312,577	1,410,757	2,781,271
Security/Cash deposits	-	-	-	(330,570)	(330,570)
Exposure at default (Sh'000)	626,151	431,786	312,577	1,080,187	2,450,701
Loss allowance (Sh'000)	226,389	199,683	260,003	1,080,188	1,766,263

The company's credit facility to its individual customers are secured by bank guarantees and cash deposits.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Doctors' fees Prepayment

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for the doctors' prepayment that was made during the year 2019 of Sh. 308 million. No additional provision has been made as the Hospital recovers the same from doctor payments. The prepayment was made against the doctors' fees for which amounts are expected to be recovered from the Insurance companies that pay KHA directly.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Doctors' fees Prepayment (Continued)

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
As at 31 December 2021					
Expected loss rate	100%	100%	100%	81%	80%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	(1,945)	(5,258)	(2,171)	426,941	417,567
Cash recovered from third parties	-	-	-	(32,119)	(32,119)
Exposure at default (Sh'000)	(1,945)	(5,258)	(2,171)	394,822	385,447
Loss allowance (Sh'000)	(1,945)	(5,258)	(2,171)	318,150	308,775
As at 31 December 2020					
Expected loss rate	100%	0%	100%	74%	74%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	2,147	-	1,423	443,520	447,090
Cash recovered from third parties	-	-	-	(30,083)	(30,083)
Exposure at default (Sh'000)	2,147	-	1,423	413,437	417,007
Loss allowance (Sh'000)	2,147	-	1,423	305,205	308,775

Market Risk

(i) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the end of each reporting period as follows:

	USD Sh'000	GBP Sh'000	EURO Sh'000	Total Sh'000
2021				
Bank and cash balances	452	1	56	509
Trade payables	(1,142)	(2)	(15)	(1,159)
Net position	(690)	(1)	41	(650)
2020				
Bank and cash balances	380	-	60	440
Trade payables	(383)	(5)	(162)	(550)
Net position	(3)	(5)	(102)	(110)

3 FINANCIAL RISK MANAGEMENT (Continued)

Market Risk (Continued)

(i) Foreign exchange risk (Continued)

Foreign exchange risk - appreciation/depreciation of Sh against other currencies by 5%.

The following sensitivity analysis shows how loss and operating fund would change if the market risk variables had been different on the balance sheet date with all other variables held constant.

	2021 Sh'000		2020 Sh'000	
	Effect on surplus/loss	Effect on operating fund	Effect on surplus/loss	Effect on operating fund
Currency- US dollars				
+ 5 percentage point movement	135	823	0.2	0.2
-5 percentage point movement	(135)	(823)	(0.2)	(0.2)
Currency-GB Pounds				
+ 5 percentage point movement	106	644	0.2	0.2
-5 percentage point movement	(106)	(644)	(0.2)	(0.2)
Currency-Euro				
+ 5 percentage point movement	124	754	5	5
-5 percentage point movement	(124)	(754)	(5)	(5)

(ii) Interest rate risk management

The company invests in fixed deposits whose rates are not variable and does not have any bank borrowings therefore not susceptible to interest rate risk

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Management, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity requirements. The company manages liquidity risk by maintaining adequate credit facilities as well as through continuous monitoring of forecast and actual cash flows.

3 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

The table below provides a contractual maturity analysis of the company's trade payables:

	6 months or on demand Sh'000	Between 6 months and 1 year Sh'000	More than 1 year Sh'000	Total Sh'000
As at 31 December 2021				
Trade payables	1,695,502	-	-	1,695,502
Lease liabilities	34,799	34,799	425,362	494,960
	1,730,301	34,799	425,362	2,190,462
As at 31 December 2020				
Trade payables	1,835,413	-	-	1,835,413
Lease liabilities	34,798	34,798	463,441	533,038
	1,870,211	34,798	463,441	2,368,451

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern while maintaining an optimal capital structure. Consistent with similar entities in the industry, the company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. The Hospital did not have any borrowings as at 31 December 2021. Fund balances comprise operating fund and capital investment fund.

4 OPERATING REVENUE

	2021 Sh '000'	2020 Sh '000'
Medicine & Drugs	3,289,789	3,232,803
In-patient Bed Fees	1,532,057	1,501,095
Laboratory	2,370,515	1,886,830
Radiology	797,212	659,873
Surgical	1,425,127	709,697
Theatre	330,807	300,657
Accident & Emergency	750,535	576,967
Physical Medicine	375,755	219,489
Endoscopy & Oxygen	295,657	173,385
Cancer Care & Treatment	202,223	174,100
	11,369,677	9,434,896
Less: Patient Discounts	(26,424)	(11,440)
Total Operating revenue	11,343,253	9,423,456

5 (a) INTEREST INCOME

	2021 Sh '000'	2020 Sh '000'
Interest income earned on bank deposits - held to maturity	187,619	157,528
Interest income earned on the current accounts	2,905	2,850
	190,524	160,378
(b) NET FOREIGN EXCHANGE (GAIN)/LOSS		
Foreign exchange gain	(36,226)	(12,202)
Foreign exchange loss	35,766	33,077
	(460)	20,875
(c) INTEREST ON LEASE LIABILITIES		
Interest on lease liabilities (note 16)	66,824	64,022

6 OTHER INCOME

Rent	49,748	47,730
Miscellaneous income*	92,552	88,804
UN Bed fees income**	-	120,647
Laundry income	21,770	13,748
Parking income	14,498	12,506
Convention Centre Income	1,149	3,409
Bad debt recovery income	1,560	8,558
Health & Fitness centre income	-	836
Commission on doctor's fees***	11,603	9,956
Prompt payment income	244	1,161
Student fees – Nursing School	77,434	38,567
KHA members' subscriptions	9,256	8,238
Staff canteen sales	27,723	12,203
	311,944	366,363

* Miscellaneous income is derived from tender fees, sale of empty containers, boxes and jerry cans, and requests for medical reports. It also includes refunds from imperial bank with regards to fixed deposits written off in 2019.

** In 2020, Sh 120 million bed fees was paid by the UN to take care of its staff treatment for the financial year.

*** Commission on doctor's fees represents a 1% administration and convenience fee.

7 EXPENSES

(a) Direct expenses

	2021 Sh '000'	2020 Sh '000'
Staff costs (note 9)	2,858,908	2,698,111
Medicine	2,045,689	1,639,446
Surgical material	1,164,708	1,074,335
Depreciation on right of use asset (note 12)	106,434	89,376
Laboratory material	664,665	532,874
X-ray & CT Scan material	49,009	78,064
Cathlab materials	47,634	3,088
Oxygen	99,254	61,326
Depreciation of property and equipment	669,480	663,246
Water, light & fuel	166,402	151,850
Repairs & maintenance	319,698	269,939
Catering & foodstuffs	139,678	119,746
Rent and rates	16,528	75,482
Cleaning services	66,628	56,888
Printing & stationery	101,800	91,392
Linen & laundry	32,107	20,701
Amortization of intangible assets	26,374	38,809
	8,574,996	7,664,673

7 EXPENSES (Continued)

(b) Other operating expenses

	2021 Sh '000'	2020 Sh '000'
Staff costs (note 9)	1,378,032	1,360,296
Directors' remuneration	51,208	22,888
Depreciation	136,908	135,632
Repairs & renewals	83,649	36,347
General expenses	92,460	111,731
Water, light & fuel	110,935	101,233
Marketing & promotion	31,392	59,026
Catering & foodstuffs	54,319	46,568
Legal & professional	438,722	359,320
Printing & stationery	67,867	60,928
Cleaning services	44,419	37,926
Telephone & postage	13,545	10,613
Security charges	62,993	57,728
Impairment charge for bad and doubtful debt (note 14(b))	77,945	73,500
Impairment charge for bank deposits (note 15(c))	21,603	1,794
Impairment charge for treasury bond (note 19)	4,890	-
Impairment charge for bank balances (note 15(b))	458	-
Insurance	40,142	20,439
Amortization of intangible assets	5,402	7,949
Bank charges	30,322	22,053
Audit fees (Including VAT)	9,181	10,448
Credit card charges	33,638	28,542
Loss on disposal of assets	31,299	6,754
Rent & rates	1,836	8,387
Transport	16,370	17,041
License fees	36,468	86,190
Accreditation expense	4,461	5,786
Masterplan expenses	3,586	72,708
	2,884,050	2,761,827

8 SURPLUS FOR THE YEAR

The surplus for the year is arrived at after charging

	2021 Sh '000'	2020 Sh '000'
Staff costs (note 9)	4,236,940	4,058,407
Depreciation of property and equipment (note 10)	806,602	799,092
Amortization of computer software (note 11)	31,776	46,758
Audit fees (including VAT)	9,181	10,448
Impairment charge for bad and doubtful debt (note 14(b))	77,945	73,500
Impairment charge for fixed deposits (note 15c)	21,603	1,794
Impairment charge for treasury bond (note 19)	4,890	-
Impairment charge for bank balances (note 15 (b))	458	-
Depreciation on right of use asset (note 12)	106,434	89,376
Directors Remuneration	51,208	22,888
Interest on lease liability (note 16)	66,824	64,022

9 STAFF COSTS

Salaries & wages	3,532,509	3,197,338
Retirement benefits - defined contribution scheme	286,737	247,682
Staff medical*	380,605	317,962
Staff welfare	3,507	3,398
Staff training	45,821	13,127
Staff uniforms	19,874	30,289
Group life & personal accident cover	42,136	24,955
Staff recruitment	793	11,847
Restructuring costs**	(79,730)	206,520
Social security contributions	4,688	5,289
	4,236,940	4,058,407
Classified as follows:		
Direct Expenses - note 7(a)	2,858,908	2,698,111
Operating expenses - 7(b)	1,378,032	1,360,296
	4,236,940	4,058,407

* Staff medical increased as the Hospital absorbed costs of COVID 19 related tests and treatment for its staff.

** Restructuring costs incurred in 2021 was Sh. 127 million. This had been accrued for at Sh. 206 million to cater for the reorganization undertaken in 2021 hence the Sh.79 million write back.

10 PROPERTY AND EQUIPMENT

	Buildings Sh '000'	Leasehold Improvements Sh '000'	Medical Equipment Sh '000'	Furniture, Fittings and Other Equipment Sh '000'	Computers Sh '000'	Motor vehicles Sh '000'	Capital Work in Progress Sh '000'	Total Sh '000'
At 1st January 2020	8,388,050	708,338	3,885,288	2,351,652	467,024	63,853	764,205	16,628,410
Additions	461,861	-	283,087	22,557	57,278	10,348	48,540	883,671
Disposals	-	-	(42,541)	(3,843)	(162)	(340)	-	(46,886)
At 31 December 2020	8,849,911	708,338	4,125,834	2,370,366	524,140	73,861	812,745	17,465,195
At 1st January 2021	8,849,911	708,338	4,125,834	2,370,366	524,140	73,861	812,745	17,465,195
Additions	294	-	220,487	20,747	13,423	-	132,990	387,941
Disposals	-	-	(148,395)	(104,631)	(1,922)	-	-	(254,948)
At 31st December 2021	8,850,205	708,338	4,197,926	2,286,482	535,641	73,861	945,735	17,598,188

10 PROPERTY AND EQUIPMENT (Continued)

	Buildings Sh '000'	Leasehold Improvements Sh '000'	Medical Equipment Sh '000'	Furniture, Fittings and Other Equipment Sh '000'	Computers Sh '000'	Motor vehicles Sh '000'	Capital Work in Progress Sh '000'	Total Sh '000'
DEPRECIATION								
At 1 January 2020	1,090,130	377,621	2,491,816	1,114,484	314,441	51,938	-	5,440,430
Charge for the year	241,161	53,164	296,066	156,292	47,440	4,969	-	799,092
Disposals	-	-	(36,291)	(2,396)	(85)	(308)	-	(39,080)
At 31 December 2020	1,331,291	430,785	2,751,591	1,268,380	361,796	56,599	-	6,200,442
At 1 January 2021	1,331,291	430,785	2,751,591	1,268,380	361,796	56,599	-	6,200,442
Charge for the year	274,551	53,164	296,548	135,267	41,802	5,270	-	806,602
Disposals	-	-	(134,762)	(81,489)	(1,795)	-	-	(218,046)
At 31 December 2021	1,605,842	483,949	2,913,377	1,322,158	401,803	61,869	-	6,788,998
NET BOOK VALUE								
As at 31 December 2021	7,244,363	224,389	1,284,549	964,324	133,838	11,992	945,735	10,809,190
As at 31 December 2020	7,518,620	277,553	1,374,243	1,101,986	162,344	17,262	812,745	11,264,753

The company owns parcels of leasehold land represented by L.R No. 209/4209 and L.R No. 209/6442. The leases expire on 30 June 2051 and 30 June 2028 respectively. They have no carrying value as they were granted at no cost to the company in 1952 and 1964 respectively Capital work in progress represents costs incurred on various construction works being carried out under the hospital master plan. These include construction of central core/Western entrance, Pediatrics Centre, Power Centre and civil works.

Notes to the Financial Statements continued

11 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2021 Sh '000'	2020 Sh '000'
COST		
At 1 January	283,288	280,106
Additions*	3,108	3,182
At December	286,396	283,288
AMORTISATION		
At 1 January	188,876	142,117
Charge for the year	31,776	46,758
At 31 December	220,652	188,875
NET BOOK VALUE		
At end of year	65,744	94,413

*The software additions during the year mainly relate to Covid 19 Vaccination platform, Perpay HR Software and labware integration to Kranium at Admissions, Discharges and Transfers.

12 RIGHT OF USE ASSET

The Association leases office space. Information about the leases in which the Association is a lessee is presented below:

	2021 Sh '000'	2020 Sh '000'
COST		
At 1 January	640,331	640,330
Additions	45,704	-
Disposals	(10,564)	-
	675,471	640,330
DEPRECIATION		
At 1 January	178,752	89,376
Charge for the period	106,434	89,376
Disposal	(3,130)	-
At 31 December	282,056	178,752
At 31 December	393,415	461,578
NET BOOK VALUE		
At 31 December	393,415	461,578

12 RIGHT OF USE ASSET (Continued)

The company leases space for outpatient clinics. Information about the leases in which the company is a lessee is presented below. Disposal relates to Hospitality Management Solutions whose lease was terminated in 2020.

The buildings average lease term is 8 years (2020, 8 years).

The various lease agreements do not provide for purchase options on expiry of the lease terms.
No restrictions have been imposed by the lessors on the company in respect to dividend pay outs, borrowings or further leasing.
Amounts recognized in the profit and loss are as follows:

	2021 Sh '000'	2020 Sh '000'
Depreciation on right of use asset	106,434	89,376
Interest on lease liabilities	66,824	64,022
Expenses relating to leases with variable payments	-	8,729
Service charge expenses	16,242	10,954
Silver Springs Rent*	-	61,951
Cash outflow for leases	(143,174)	(131,455)

* Silver springs rent relates to the use of Silver Springs hotel in 2020 as a COVID Isolation Centre at the onset of COVID pandemic and it was deemed as a short term contract.

13 INVENTORIES

	2021 Sh '000'	2020 Sh '000'
Pharmaceutical drugs and medicine	335,086	347,088
Surgical consumables	343,169	260,213
Laboratory materials	160,692	128,966
Other stores	94,112	98,749
Food and drinks	42,290	4,661
	975,349	839,677

14 TRADE AND OTHER RECEIVABLES

(a) Analysis of trade and other receivables

	2021 Sh '000'	2020 Sh '000'
Patient fees receivable	2,701,075	2,781,271
Other receivables	274,663	293,398
Prepayments-Others	237,514	125,501
Prepayments-Doctors	417,567	447,090
Provision for bad & doubtful debts (note 14(b))	(2,152,983)	(2,075,038)
Net trade & other receivables	1,477,836	1,572,222

(b) Movement in loss allowance accounts

	2021 Sh '000'	2020 Sh '000'
At 1 January	2,075,038	2,001,538
Increase in credit losses (note 7(b))	77,945	73,500
At 31 December	2,152,983	2,075,038

15 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of surplus/(deficit) for the year to cash generated from operations

	Note	2021 Sh '000'	2020 Sh '000'
Surplus/(deficit) for the year		320,311	(561,200)
Adjustments for:			
Depreciation on property, plant & equipment	10	806,602	799,092
Depreciation on right of use asset	12	106,434	89,376
Amortization	11	31,776	46,758
Loss on disposal of equipment		31,299	6,754
Impairment charge on treasury bonds	19	4,890	-
Interest in lease liability	16	66,824	64,022
Interest income	5(a)	(190,524)	(160,378)
		1,177,612	284,424
Working capital changes:			
(Increase)/decrease in inventories		(135,673)	(34,002)
(Increase)/decrease in trade and other receivables		94,386	(245,297)
(Increase)/decrease in deferred income		12,793	559,861
Decrease / (Increase) in trade and other payables		(755,021)	337,935
Cash generated from operations		394,097	902,921

(b) Analysis of cash and cash equivalents:

Cash at hand		650	1,621
Bank balances		65,862	172,125
Provision for expected credit losses		(458)	-
		66,054	173,746
Fixed deposits (note 15(c))		1,939,461	2,136,077
		2,005,515	2,309,823

15 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Fixed deposit maturity details were as follows:

	2021 Sh '000'	2020 Sh '000'
Maturing within three months	1,964,931	2,139,944
Provision for expected credit losses	(25,470)	(3,867)
	1,939,461	2,136,077

The short-term deposits are held with local financial institutions. The weighted average effective interest rate on the deposits as at 31 December 2021 was 8.78%, (2020 – 8.85%). The Government Infrastructure bonds are for an expected tenure of 20 years at an interest rate of 13.44%.

16 LEASE LIABILITIES

The movement in the lease liabilities is as follows:

	2021 Sh '000'	2020 Sh '000'
At 31 December 2021	533,038	600,471
Additions	45,705	-
Disposals	(7,433)	-
Interest on lease liabilities	66,824	64,022
Cash outflow for leases	(143,174)	(131,455)
At 31 December	494,960	533,038
Amounts due for settlement within 12 months	69,598	69,597
Amounts due for settlement after 12 months	425,362	463,441
	494,960	533,038

16 LEASE LIABILITIES (Continued)

Maturity Analysis for lease liability plus interest

	2021 Sh '000'	2020 Sh '000'
Year 1	137,832	-
Year 2	138,926	126,495
Year 3	128,955	131,913
Year 4	114,001	132,478
Year 5	62,865	128,335
Year 6	60,073	222,937
	642,652	742,158
Less: Unearned Interest	(147,692)	(209,120)
Net Lease liability	494,960	533,038

The company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the company's finance function. All lease obligations are denominated in Kenya Shillings. The additional lease relates to compensatory allowance to Upper Hill Medical Centre whereas the disposal relates to Hospitality Solutions Ltd lease that was terminated.

17 TRADE AND OTHER PAYABLES

	2021 Sh '000'	2020 Sh '000'
Trade payables	1,695,502	1,835,413
Corporate deposits	111,784	110,196
Other payables	164,774	314,605
Accrued expenses	307,289	574,040
UN-TNH Obligations	6,669	181,198
	2,286,018	3,015,452

The UN-TNH obligations relate to suppliers engaged for the joint UN TNH program. Sh. 6.6 million represents funds payable to respective suppliers but specifically for the project.

18 CAPITAL INVESTMENT FUND

	2021 Sh '000'	2020 Sh '000'
At 1st January	11,264,753	11,188,194
Transfer from operating fund	(455,563)	76,559
At 31st December	10,809,190	11,264,753
Net book value of property and equipment (note 10)	10,809,190	11,264,753
Represented by:		
Net book value of property and equipment (note 10)	10,809,190	11,264,753

19 TREASURY BONDS

	2021 Sh '000'	2020 Sh '000'
As at 1st January		
Purchases	360,312	-
Provision for expected credit losses	(4,890)	-
As at 31st December	355,422	-

The Government infrastructure bonds are for an expected tenure of 20 years at an interest rate of 13.44%.

20 DEFERRED INCOME

	2021 Sh '000'	2020 Sh '000'
At the beginning of the year	559,861	-
Received during the year	57,078	567,506
Amortization for the year	(69,872)	(7,645)
At the end of the year	547,067	559,861
Deferred income will be amortized as follows:		
Within 1 year	69,872	62,007
Within 2 and 5 years	139,747	248,027
After 5 years	337,448	249,827
	477,195	497,854

Deferred income represents the unamortized portion of funds received for the assets at the UN-TNH COVID hospital resulting from the partnership between the United Nations and the Nairobi Hospital. The amount recognized in the income statement is equivalent to the depreciation charge of the assets.

21 TAXATION

The income of the company is exempt from corporate tax. The company is, however, not exempt from Value Added Tax (VAT) and, therefore, pays VAT on chargeable goods and services.

22 RELATED PARTY TRANSACTIONS

The remuneration of key management during the year was as follows:

	2021 Sh '000'	2020 Sh '000'
Board of management	51,208	22,888
Senior management	132,670	121,823
	183,878	144,711

23. OPERATING LEASE ARRANGEMENTS

Operating leases, in which the company is the lessor, relate to property owned by the company with lease terms of between 5 to 10 years on extension option.

The future minimum lease payments receivable under non-cancellable operating leases, with various tenants at the Nairobi Doctors Plaza are as follows:

	2021 Sh '000'	2020 Sh '000'
Receivable within one year	79,511	71,198
Receivable between two and five years	238,534	166,419
	318,045	237,617

During the year Sh 49,747,693 (2020: Sh 47,730,017) was recognized as rental income in the statement of income and expenditure. The hospital granted a 50% rental waiver to consulting Doctors in the year 2020 which continued into 2021 as a reprieve due to low patient numbers arising from the Covid 19 pandemic.

24 COMMITMENTS AND CONTINGENCIES

a) Capital commitments

Commitments at year-end for which no provision has been made in these financial statements are as follows.

	2021 Sh '000'	2020 Sh '000'
Authorized and contracted for	594,322	-
Authorized but not contracted for	799,963	538,783

b) Contingent liabilities

There are various civil suits filed against the company by various parties in the normal course of operations. In the course of, and in the nature of carrying out healthcare activities, the hospital is exposed to various events where obligations that will result in outflows arise. As and when these amounts are likely to be paid and can be estimated reliably, the hospital recognizes these amounts as provisions on an ongoing basis.

The company has not provided for some of the ongoing claims in the financial statements as per IAS 37 requirements. The Board of Management, based on advice received from the company's legal advisors, is of the opinion that no significant claims will crystallize from the pending suits.

25 KHA MEMBERSHIP

Membership entry fee for the Kenya Hospital Association is Sh 10,000. The cost of subscription is Sh 5,000 per annum for those under 60 years and Sh 3,000 per annum for those who are 60 years and above. Those members whose annual subscriptions have been paid up in full are entitled to discounts and rebates on services received from the hospital determined by the length of time they have been members.

26 CURRENCY

The financial statements are presented in Kenya shillings (Sh'000) which is also the functional currency.

27 EVENTS AFTER THE REPORTING DATE

There were no significant adjusting events subsequent to the period end that required adjustment or disclosure in these financial statements.

PROXY FORM

THE NAIROBI HOSPITAL

I ____

of ____

being a member of the above-named Association hereby appoint

of ____

or failing him/her

of ____

as my proxy to vote for me on my behalf at the Annual General Meeting of the Association to be held on 29th September 2022 and at any adjournment thereof.

This form is to be used as follows:

In respect of the resolutions mentioned below:

Resolution Agenda Item No. 3 Approval of the Minutes	For/Against
Resolution Agenda Item No. 4 Adoption of audited accounts	For/Against
Resolution Agenda Item No. 7 Fix remuneration of Auditors	For/Against

In respect of election of members to the Board of Management:

1 ____

2 ____

3 ____

Unless instructed as above, the proxy may vote as he/she thinks fit or abstain from voting in respect of one or more resolutions.

Signed this .... day of 2022

Signature: ______________________________

Name of Member: ______________________________

Note: 1 The proxy form should be completed and returned not less than 48 hours or in the case of a Corporate Member, written authorization shall be returned not less than 48 hours before the Meeting or any adjournment thereof:

Note: 2 A representative appointed to represent a Corporate Member under Article 31(1) shall not represent more than one Corporate Member at the same time.

Note: 3 No person is entitled to hold and vote under more than 2 proxy forms appointing him/her as a proxy.

Note: 4 A proxy must be a Member of the Association

THE NAIROBI HOSPITAL

Argwings Kodhek Road
P.O.Box 30026 – 00100
Nairobi, Kenya
Tel: +254 (0)20 2845000/6000
Mobile: +254 (0)703 082000 or +254 (0)730 666000
Email: hosp@nbihosp.org
www.thenairobihosp.org