THE NAIROBI HOSPITAL

KENYA HOSPITAL ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

CELEBRATING 70 YEARS OF HEALTHCARE WITH A DIFFERENCE

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CORPORATE INFORMATION

BOARD OF MANAGEMENT	Hon. Dr. Chris M. N. Bichage, PhD	Chairman, (Re-elected as Director 21^{st} December 2022)
	Mr. Philemon Mwaisaka, EBS, SS	Vice Chairman, (Re-elected as Director 21^{st} September 2023)
	Dr. David Githanga, MBS	Elected 3^{rd} September 2020
	Dr. Magdalene Muthoka, PhD	Elected 3^{rd} September 2020
	Mrs. Ludmila Shitakha, HSC	Elected 3^{rd} September 2020
	Hon. Justice (Rtd) Philip Waki, EBS	Elected 21^{st} December 2022
	Dr. W. Irungu Ndirangu, Major (Rtd)	Re-elected 21^{st} December 2022
	Dr. Gladwell Kiarie	Elected 14^{th} June 2023
	Prof. Herman Manyora	Elected 21^{st} September 2023
	Dr. Fred Kambuni, MBS	Elected 24^{th} May 2023
	Dr. Barcley Onyambu	Elected 21^{st} September 2023
	Mr. Sammy Onyango	Co-opted 2^{nd} November 2023
	Mr. Geoffrey Ng'etich	Co-opted 2^{nd} November 2023
	Prof. Eng. John Mwero	Co-opted 2^{nd} November 2023
	Dr. Joe Kamau, PhD	Retired 21^{st} September 2023
	Mr. John Sergon, EBS	Retired 21^{st} September 2023
	Mr. Richard Baraza	Retired 25^{th} May 2023
	Dr. Jane Kabutu	Retired 14^{th} June 2023
	Mrs. Agnes Odhiambo, CBS	Retired 5^{th} April 2023
	Dr. Louis Litswa	Retired 21^{st} September 2023
MEDICAL ADVISORY COMMITTEE (MAC)	Dr. Fred Kambuni	Chairperson
	Dr. Gladwell Kiarie	
	Prof. Guyo Waqo Jaldesa	
	Dr. Caroline Odula-Obonyo	
	Dr. Mbira Gikonyo	
	Dr. Agnes Gachoki	
	Dr. Stephen Muhudhia	
	Dr. Thomas Chokwe	
	Dr. Henry Kioko	
	Dr. Peter Chacha Magabe	
FINANCE AND INVESTMENT COMMITTEE	Dr. Magdalene Muthoka, PhD	Chairperson
	Dr. Fred Kambuni, MBS	
	Dr. David Githanga, MBS	
	Hon. Justice (Rtd) Philip Waki, EBS	
	Mr. Sammy Onyango	
	Mrs. Ludmila Shitakha, HSC	

CORPORATE INFORMATION (Continued)

INFRASTRUCTURE PROJECTS MANAGEMENT COMMITTEE	Mr. Philemon Mwaisaka, EBS, SS	Chairperson
	Dr. Fred Kambuni, MBS	
	Prof. Herman Manyora	
	Dr. Magdalene Muthoka, PhD	
	Mr. Geoffrey Ng'etich	
	Prof. Eng. John Mwero	
	Dr. Barclay Onyambu	
	Dr. Gladwell Kiarie	
AUDIT, RISK & GOVERNANCE COMMITTEE	Dr. David Githanga, MBS	Chairperson
	Dr. W. Irungu Ndirangu (Maj Rtd.)	
	Mr. Philemon Mwaisaka, EBS, SS	
	Mrs. Ludmila Shitakha, HSC	
	Hon. Justice (Rtd) Philip Waki, EBS	
	Mr. Sammy Onyango	
HUMAN RESOURCES COMMITTEE	Dr. Barclay Onyambu	Chairperson
	Dr. W. Irungu Ndirangu (Maj Rtd.)	
	Prof. Herman Manyora	
	Dr. Gladwell Kiarie	
	Mr. Geoffrey Ng'etich	
	Prof. Eng. John Mwero	
BANKERS	NCBA Bank Kenya Plc Mara & Ragati Roads, Upper Hill P O Box 44599 – 00100 GPO Nairobi	
	ABSA Bank Kenya Plc Hurlingham Branch P O Box 30120 – 00100 GPO Nairobi	
	Stanbic Bank Kenya Limited Stanbic Bank Centre, Westlands Road P O Box 30550 – 00100 GPO Nairobi	
	Standard Chartered Bank Kenya Limited Muthaiga Branch P O Box 64355 – 00620 Nairobi	
	Equity Bank (Kenya) Limited Equity Centre P O Box 75104-00200 Nairobi	
	Co-operative Bank of Kenya Co-operative House, Haile Selassie Avenue P O Box 48231 – 00100 Nairobi	

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 Nairobi
	Wamae & Allen Advocates Top Plaza, Kindaruma Road, Off Ngong Road P O Box 4132-00200 Nairobi
ADVOCATES	Munyao Muthama & Kashindi Advocates AEA Plaza, Valley Road P O Box 24482 – 00100 Nairobi
	Triple OK Advocates ACK Garden House, 5th Floor 1st Ngong Avenue P.O. Box 43170 - 00100 Nairobi
	Ondaba & Partners Advocates LLP Applewood Park, Off Wood Avenue Suite 304, 2nd Floor, East Wing Nairobi
	Mutubwa & Company Advocates Mayfair Centre, 2nd Floor Ralph Bunche Road P O Box 23418-00100 Nairobi
	Kamotho Njomo & Advocates Mpesi Lane, Off Muthithi The Westery, 6th Floor, Suite 6A Westlands
	R. M. Mabera & Company Advocates Harambee Avenue Shankardass House, 4th Floor, Suite 400 Nairobi
AUDITORS	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P O Box 40092 – 00100 GPO Nairobi

Mission, Vision, Corporate Culture

Mission

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

Vision

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

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.

70th Anniversary

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 460 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.

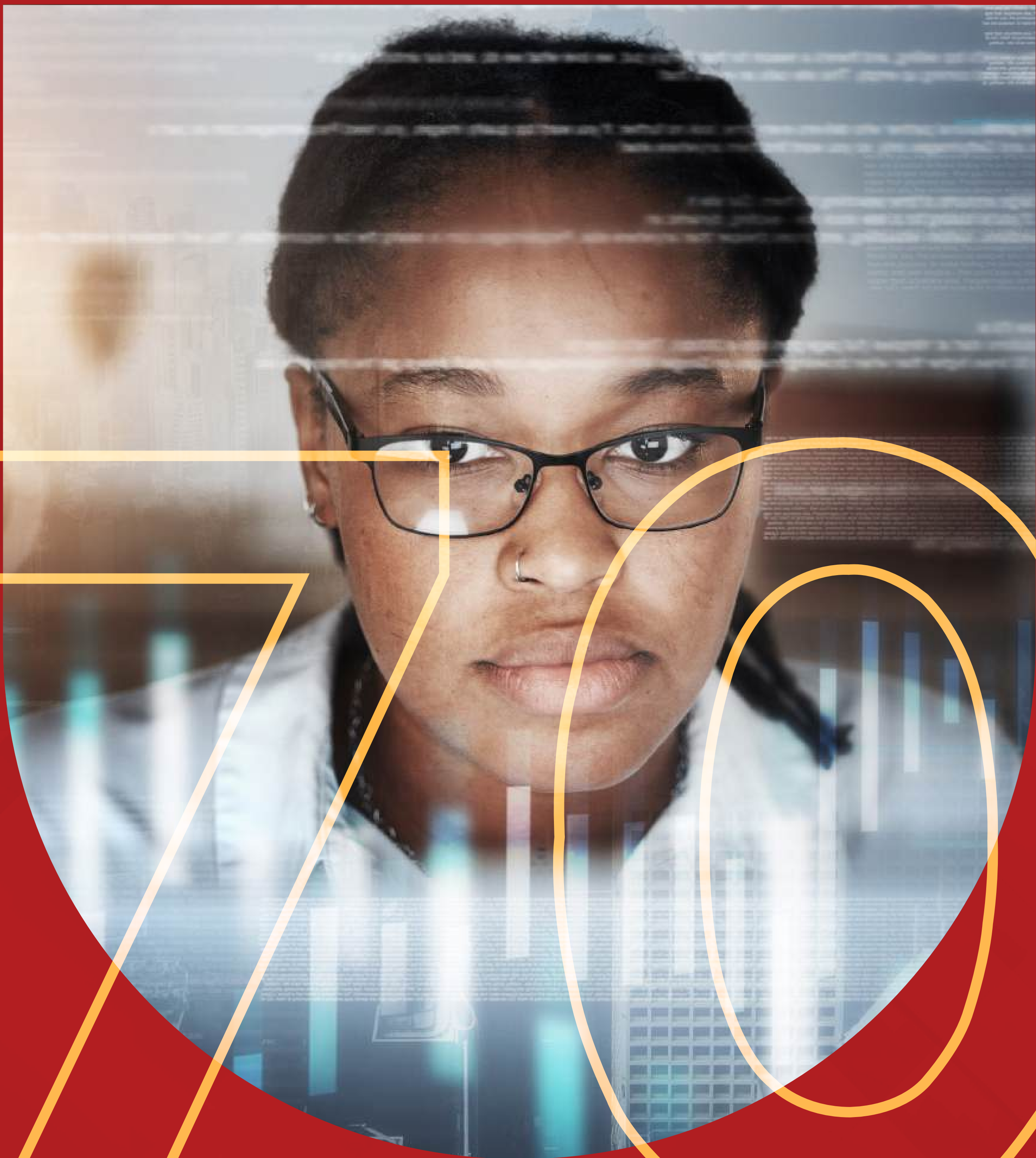
The Hospital has always invested in deepening its sustainability which is based on providing quality healthcare with a focus on improving its diagnostic services, bed capacity, and patient satisfaction amongst others. Key to these milestones is its vision, mission and values which are entrenched in its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

Construction of The European Hospital 1954

Celebrating 70 Years of Healthcare with a difference

CORE OPERATING

Statistics



Patients Admitted

2021	2022	2023
15,352	14,673	15,983

Occupancy

2021	62%
2022	65%
2023	66%

Accidents & Emergencies

2021	145,251
2022	155,154
2023	153,040

Beds Available

2021	489
2022	464
2023	464

CORPORATE SOCIAL *Responsibility*

World Kidney Day CSR

The Nairobi Hospital staff participation in Stanchart Marathon

World Physiotherapy Day CSR

Embakasi Mradi Blast CSR

THE NAIROBI HOSPITAL

Wellness Packages

- Physical Exam
- Total blood count
- Kidney function test
- Lipid profile
- Liver function test
- Thyroid test
- Vitamin D
- Fasting blood sugar
- Stool Microscopy
- Uric acid
- U/E/C
- Resting ECG
- Pap Smear (Women)
- Prostate Screening (Men)
- Breast Ultrasound (Women)
- Urinalysis
- Body Composition Analysis
- Mental wellness (2 Sessions)

KES 25,000
Zuri Package
Adults below 35 years

- Physical Exam
- Total blood count
- Kidney function test
- Lipid profile
- Liver function test
- Thyroid test
- Vitamin D
- Fasting blood sugar
- Stool Microscopy
- Uric acid
- GLYCO HB/HBA1C
- Resting ECG
- Pap Smear (Women)
- Prostate Screening (Men)
- Mammogram
- Body Composition Analysis
- Mental wellness (2 Sessions)
- Urinalysis

KES 35,000
Faraja Package
Adults between ages 40-54 Years

- Physical Exam
- Total blood count
- Kidney function test
- Lipid profile
- Liver function test
- Thyroid test
- Vitamin D
- Fasting blood sugar
- Stool Microscopy
- Uric acid
- GLYCO HB/HBA1C
- Cancer Markers
- Resting ECG
- Pap Smear (Women)
- Prostate Screening (Men)
- Mammogram
- Mental wellness (2 Sessions)
- Urinalysis
- Body Composition Analysis

KES 45,000
Wema Package
Adults above age 55 Years

- Physical Exam
- Total blood count
- Kidney function test (Creatinine)
- Cholesterol
- Liver function test
- Thyroid test (TSH)
- Fasting blood sugar
- Urinalysis
- Uric acid
- Body Composition Analysis

KES 10,000
Offsite
(Minimum of 20 People)

OUTPATIENT CENTERS

Galleria Mall Outpatient Centre:

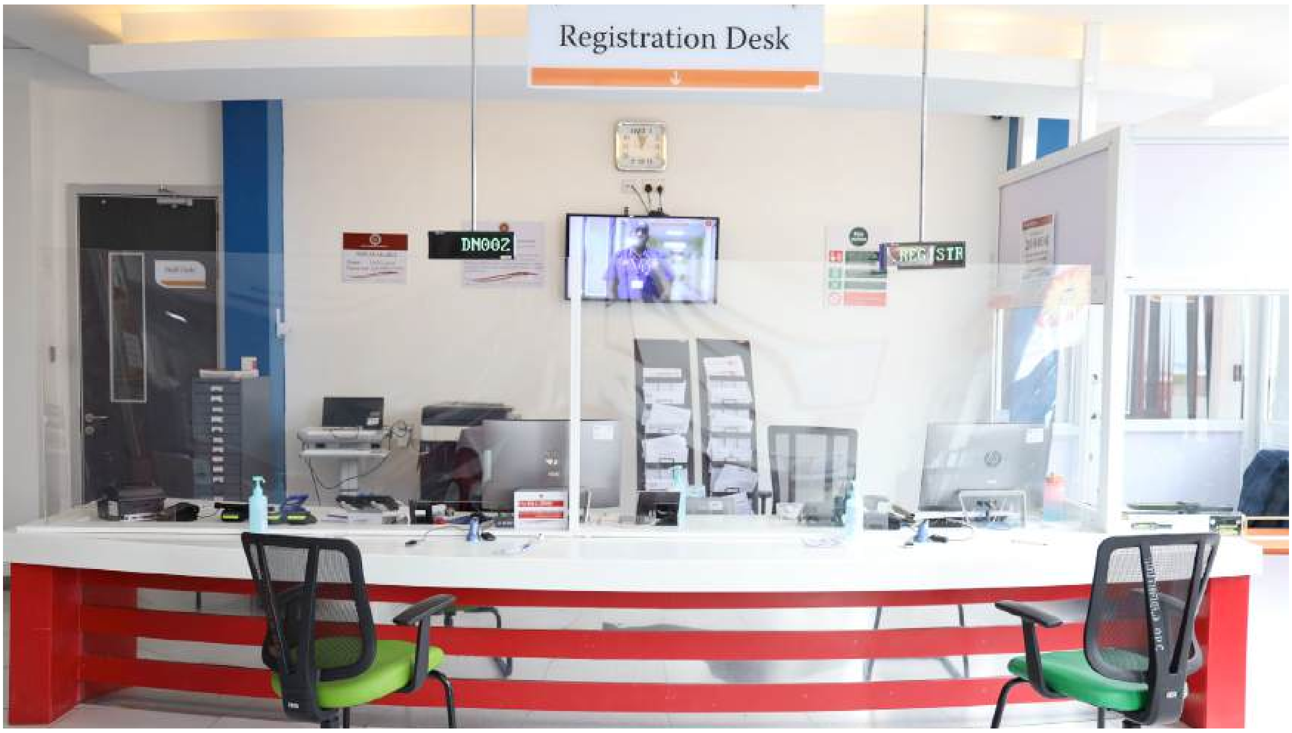
The Galleria Mall Nairobi Hospital Outpatient Centre became operational in 2011. It is located at The Galleria Mall on the 1st and 2nd floors. The Outpatient Centre attracts patients from areas such as Karen, Langata, Nairobi West, and Rongai environs. In addition to cutting-edge diagnostic services, the centre has a large, efficient, accident and emergency department, as well as various Consultant Doctor led specialized clinics.

Warwick Outpatient Centre:

The Warwick Outpatient Centre was opened in 2011. It is located on the ground and 1st floor 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 Capital Centre Mall Outpatient Centre:

The Capital Centre 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 has an efficient accident and emergency department, as well as various Consultant Doctor specialized clinics.



The Rosslyn Riviera Outpatient Centre:

The Rosslyn Riviera Outpatient Centre was opened in 2018 and it is located on the third Floor of the mall. The center has an efficient accident and emergency department, as well as various Consultant Doctor led specialized clinics.

The Southfield Mall Outpatient Centre:

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 has a large and efficient accident and emergency department, as well as various Consultant Doctor led specialized clinics.

The Kiambu Mall Outpatient Centre:

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 has a large and efficient casualty, accident and emergency department and various specialized clinics run by Consultant Doctors. It serves the people of Kiambu and its environs.

The Anderson Centre was opened in 2016 hosting an array of specialty clinics. It is located at the Main Hospital campus. It comprises Pharmacy, laboratory, radiology and Physiotherapy services all under one roof.

70th Anniversary

OUTPATIENT SERVICES

Galleria OPC	Warwick OPC	Capital Centre OPC
A & E Services.	A & E Services.	A & E Services.
Pharmacy Services	Pharmacy Services	Pharmacy Services
Laboratory Services	Laboratory Services.	Laboratory Services
X-Ray, Ultrasound & CT Scan	X-Ray, Ultrasound & CT Scan	X-Ray & Ultrasound
Travel & Routine Vaccination	Travel & Routine Vaccination	Travel & Routine Vaccination
Physiotherapy Services	Physiotherapy Services	Ambulance Services
Ambulance Services	Ambulance Services	Obs/Gynae Clinic
Nutrition Clinic	Nutrition Clinic	Surgical Clinic
Renal Clinic	Obs/Gynae Clinic	Family Health Clinic
Obs/Gynae Clinic	Family Health Clinic	Pediatric Clinic
Surgical Clinic	Pediatric Clinic	Wellness Baby Clinic
Dental Clinic	Wellness Baby Clinic	
ENT Clinic	Wellness Clinic	
Family Health Clinic	Orthopaedic Clinic	
Pediatric Clinic	Opthalmology Clinic	
Wellness Baby Clinic		
Wellness Clinic		

Southfield OPC	Rosslyn OPC	Kiambu OPC
A & E Services	A & E Services	A & E Services
Pharmacy Services	Pharmacy Services	Pharmacy Services
Laboratory Services	Laboratory Services	Laboratory Services
X-Ray & Ultrasound	X-Ray & Ultrasound	X-Ray & Ultrasound
Travel & Routine Vaccination	Travel & Routine Vaccination	Travel & Routine Vaccination
Ambulance Services	Ambulance Services	Ambulance Services
Obs/Gynae Clinic	Obs/Gynae Clinic	Obs/Gynae Clinic
Family Health Clinic	Family Health Clinic	Family Health Clinic
Pediatric Clinic	Pediatric Clinic	Pediatric Clinic
Wellness Baby Clinic	Wellness Baby Clinic	Wellness Baby Clinic
Dental Clinic	Executive Clinic	Dental Clinic
ENT Clinic		Surgical Clinic

BOARD OF TRUSTEES Statement

My fellow Kenya Hospital Association Members, I am delighted to present to you the second report of the Board of Trustees. The members through the establishment of the Kenya Hospital Association Board of Trustees created under Article 38 (f) operationalized this article by the establishment of the Board of Trustees through a Trust Deed.

The Trust Deed was registered in the Ministry of Lands on 1st March 2021. Thereafter, the Trustees petitioned the Cabinet Secretary for Ministry of Lands for incorporation of the Trustees as a body corporate under the Trustees (Perpetual Succession) Act Chapter 164 of the Laws of Kenya. This was to ensure that the body shall have continued existence whose role is to oversee and protect the real property and assets of the Hospital.

The Trustees have met several times and deliberated to secure the real property and assets of Kenya Hospital Association. This included the process of extension of the head leases from the Government of Kenya secured a 50-year lease. A longer lease term is being pursued. It also included re-registration of the land under the new land regime as required by the Land Registration Act 2012. These two processes have been completed.

From time to time, the Board of Trustees have augmented the Board of Management in Corporate Social Responsibility initiatives.

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

26th June 2024

CHAIRMAN'S *Statement*

State-of-the-art Biplane Cath Lab for cardio, neuro, and vascular treatment services which is the first one in East and Central Africa

OVERVIEW

The Board of Management is delighted to report on the substantial progress achieved in advancing the institution's strategic initiatives throughout 2023 building on the foundation laid out in our 2019 to 2024 strategy. Our focus remained steadfast on delivering exceptional patient-centered care through continuous innovation and strategic investments in pivotal areas such as medical equipment, technology and human resources.

Our success in the healthcare industry is underpinned by our agile mindset, enabling swift adaptation to market changes while maintaining quality standards. Crucial to this achievement is our commitment to collaboration, engaging stakeholders at all levels to align with strategic objectives and foster a shared purpose.

OPERATING ENVIRONMENT

The year 2023 began with cautious optimism after the 2022 General Election in Kenya. Throughout the year, the global economic landscape grappled with the repercussions of previous years' geopolitical tensions particularly the Russia-Ukraine war and the Middle East conflict. Despite initial hopes for a swift recovery, economic activity remained subdued in many regions with sporadic disruptions impacting supply chains and driving up costs.

Inflationary pressures persisted across various sectors, driven by supply chain constraints and rising input costs. Tightening financial conditions added to the challenges, raising the cost of capital and straining liquidity for businesses worldwide. Currency fluctuations remained a concern with the local currency facing continued depreciation against major currencies, particularly the United States Dollar, amplifying the cost burden of imports and foreign debt servicing.

In response to the evolving operating environment, the Hospital continued to prioritize efficiency and risk management strategies. Efforts were made to streamline operations and optimize resource utilization to mitigate the impact of global disruptions on service delivery. Proactive measures were also taken to manage foreign currency risks more effectively, including hedging strategies and diversified sourcing practices, to mitigate the adverse effects of currency depreciation on procurement costs.

Looking ahead, the Hospital remains optimistic about the prospects for 2024, anticipating a gradual recovery in economic conditions and a stabilization of the global health landscape. Plans are underway to repurpose East Wing facility to a Mother and Child Hospital in alignment with shifting healthcare needs and market dynamics, ensuring continued relevance and effective utilization.

OUR STRATEGY

Our unwavering commitment lies in delivering an unparalleled stakeholder experience, maintaining exceptional quality, ensuring patient safety and fostering sustainable growth. Aligned with the Hospital's Strategic Plan, we've made significant investments in expanding our main campus. I'm pleased to report the successful completion of several key projects including the Western Entrance, Main Entrance, Integration of Services and Link Corridors.

The 2025-2029 Strategic Plan is underway building on the success of the 2019-2024 plan with its focus being enhanced quality care incorporating latest technology at the same time expanding the medical offerings of the Kenya Hospital Association.

I'm pleased to report the successful completion of several key projects, including the Western Entrance, Main Entrance, Integration of Services, and Link Corridors.

ACKNOWLEDGEMENTS

I extend my sincere gratitude to the Trustees and members of the Kenya Hospital Association for their continued trust and support as we navigate the ongoing journey of transforming the Hospital into a regional center of excellence.

I am delighted to acknowledge the exemplary performance of the Board and its committees over the past year. Their dedication and diligence in fulfilling their duties, coupled with their unstinting support for management, have been instrumental in our progress. Their commitment to transparency and accountability while delegating responsibilities reflects the ethos of our institution.

The Board remains optimistic about the future trajectory of the Hospital. With the collective support of Kenya Hospital Association members, Management, Staff and all Stakeholders, we are confident in our ability to realize our vision of becoming a world-class, multi-specialty hospital. It is through our collective efforts that we will continue to make significant strides towards our shared goals.

Hon. Dr. Chris M. N. Bichage, PhD
Chairperson
Board of Management
26th June 2024

CHIEF EXECUTIVE OFFICER'S *Statement*

Fluoroscopy is an imaging and diagnosis technique that uses X-rays to obtain real-time moving images (video) of the patients skeletal, digestive, urinary, respiratory, and reproductive systems.

INTRODUCTION

In the pursuit of excellence and sustainability, the Kenya Hospital Association remains steadfast in its commitment to becoming a world-class, multi-specialty healthcare institution. Our timeless dedication to delivering exceptional quality care and ensuring outstanding stakeholder experiences is embedded in every facet of our operations. We continue to invest in human capital, technological advancements and ongoing research to address the evolving medical needs of our society. As we navigate through the complexities of the healthcare landscape, our strategic investments in infrastructure, systems and policies are geared towards fostering a conducive work environment, empowering our staff to uphold our promise of delivering quality healthcare services with distinction. This statement encapsulates the key achievements and focus areas of the Kenya Hospital Association for the year 2023.

PATIENT CARE AND EXPERIENCE

Elevating the standard of patient care and experience remains paramount to our mission. Throughout 2023, we implemented a series of initiatives aimed at enhancing the quality and safety of care provided within our institution.

Our unwavering commitment to personalized, compassionate care has resulted in consistently high patient satisfaction scores, underscoring our dedication to fostering an environment of trust, safety and comfort. We continued to make strategic investments in initiatives such as revamping Radiology department with modern equipment to optimize service delivery, augmenting investment in theatres and Cath lab services, refurbishing wards and ongoing overall enhancements to our facilities to ensure utmost patient comfort.

EMPLOYEE ENGAGEMENT AND WELLNESS

Our dedicated staff members are integral to our Hospital's success, and in 2023, we continued our focus on enhancing employee satisfaction and engagement. Through the introduction of various wellness programs, trainings and professional development opportunities, alongside competitive benefits such as mortgage and car loans, we aimed at fostering a supportive work environment conducive to employee retention and morale.

STRATEGIC PARTNERSHIPS

Collaborating with like-minded partners remains instrumental in achieving our organizational objectives. Through strategic partnerships, we have expanded our service offerings, increased referrals and extended our reach to a wider patient population. This includes engaging in medical tourism collaborations such as our partnership with the Malawi Government.

To further augment our impact within the healthcare landscape, we have forged a strategic alliance with the U.S. Trade and Development Agency to fund a comprehensive feasibility study aimed at expanding and improving healthcare access and services in Kenya. The identified high-impact, high-opportunity areas include the establishment of new medical centers, acquisition of oncology equipment, and ICT upgrades.

OPERATING PERFORMANCE

Despite the challenging economic backdrop experienced in 2023, characterized by escalating operational costs and fluctuating market dynamics, the Kenya Hospital Association remained resilient in its pursuit of excellence. Remarkably, in 2023, we managed to achieve a surplus of Sh. 191 million, a significant turnaround from the deficit of Sh. 565 million in the previous year. This achievement underscores our commitment to prudent financial management and strategic decision-making in the face of adversity.

LOOKING FORWARD

As we chart our course for the future, we remain optimistic about the opportunities that lie ahead. Building upon our strong foundation and leveraging our internal capabilities, we are poised to capitalize on emerging opportunities and further expand our footprint within the region's healthcare sector. Through the execution of our strategic initiatives and firm commitment to excellence, we are confident in our ability to continue delivering superior healthcare services and making a positive impact on the communities we serve.

APPRECIATION

In conclusion, I would like to extend my sincere gratitude to our valued clients for entrusting us with their health and well-being. Your continued support drives us to continually strive for excellence in care delivery. I also express my appreciation to the Chairman, Members of the Board, and our dedicated staff for their sacrifice and contributions towards the success of the Kenya Hospital Association. Indeed, this support has seen the Hospital garner prestigious awards globally key amongst these being the Silver Winner in the 46th IHF World Hospital Congress Excellence Award for Corporate Social Responsibility. Together, with the support of our stakeholders and partners, we are poised to achieve our vision of becoming a world-class healthcare institution delivering exceptional care to all.

James Nyamongo, MBS
Chief Executive Officer
26th June 2024

> **"We managed to achieve a surplus of Sh. 191 million, a significant turnaround from the deficit of Sh. 565 million in the previous year."**

Main Entrance Nairobi Hospital in 1954

Celebrating 70 Years of Healthcare with a difference

BOARD OF *Management* & TRUSTEES

Linac Machine (Varian)
The Linac device uses external beam radiation (x-rays) or electrons to treat cancer.

BOARD OF DIRECTORS

HON. DR. CHRIS M. N. BICHAGE

Dr. Bichage is the current Chairman of the Board of Management. 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 holds a Master of Arts in International Relations from United States International University – Africa (USIU).

Dr. 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 in various capacities leading to the position of International Marketing Director.

Dr. 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 Company Limited (1989 – 1992) and Co-operative Bank of Kenya (1986 – 1992). He was an elected Member of Parliament for Nyaribari Chache Constituency in 2013.

MR. PHILEMON MWAISAKA, EBS, SS

Mr. Philemon Mwaisaka is the current Vice-Chairman of the Board of Management. Currently, he serves as the Chairman of the Audit, Risk and Governance Committee and a member of the Finance and Investment Committee. He has also served in the Human Resources Committee and the Infrastructure Projects Management Committee. 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 organizations, both in the public and private sector. He has previously served the Republic of Kenya as District Officer and District Commissioner in various regions of the country. He also served as the Permanent Secretary in the Ministries of Transport and Communications, Supplies and Marketing, Tourism and Wildlife, Health, Co-operative Development, among others.

Mr. Mwaisaka has extensive board experience having served in various boards including Kenya Railways Corporation, Kenya Airways, Kenya Wildlife Services, Co-operative Bank of Kenya, Coffee Board of Kenya, Kenyatta National Hospital among many other state corporations.

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

DR. W. IRUNGU NDIRANGU (Maj. Rtd)

Dr. Ndirangu served as a member of the Board until 29th July, 2024 when he resigned.

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 holds 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 having 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 rank of Major. He pioneered Ear Nose and Throat Surgery in the Department of Defense of the Republic of Kenya.

He served as the Chairman of the Board of Management of Kenya Hospital Association between November 2019 and September 2023. He also served in various committees including Audit, Risk and Governance Committee and Human Resources Committee.

DR. MAGDALENE MUTHOKA, PhD

Dr. Magdalene Muthoka has been a member of the Board of Management since September 2020. Currently, she is the Chairperson of the Finance and Investment Committee and a member of the Human Resources Committee. She has also had opportunity to serve in the Infrastructure Projects Management Committee.

Dr. Muthoka holds a diploma in Human Resources Management from Kenya Institute of Management, Bachelor of Commerce (Commerce-Accounting option) from The University of Nairobi, Master of Science in 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).

She is a certified professional in Human Resources with a PhD in Human Resource Management with over 20 years' work experience and 15 years in HR practice in Senior HR Positions both in private and public sectors. She served as Chief Manager, Human Resource & Administration at the New Kenya Co-operative Creameries, a food industry, processing and marketing milk and milk products from 2011 to 2024. Previously, she has worked at the Mater Hospital as the Deputy Head of Human Resources, a role she held from 2006 – 2011. She has also worked at Magana Flowers Kenya Limited as Human Resource Manager amongst others.

DR. DAVID GITHANGA, MBS

Dr. Githanga was a member of the Board of Management of Kenya Hospital Association from September 2020 until 22nd July, 2024 when he resigned. During his tenure he served as the Chairman of the Audit, Risk and Governance Committee and a member of the Human Resources Committee and the Finance and Investment Committee. Dr. Githanga is a consultant paediatric cardiologist and Public Health Specialist running his paediatric clinic in The Nairobi Hospital, Doctors' Plaza.

He holds a Bachelor of Medicine and Surgery from The University of Nairobi. He also graduated from the same institution as a paediatrician in 1990 having undertaken a Masters degree in Medicine and Surgery 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 earned a PhD after completing a study in "Prevalence of Chronic Aflatoxin Exposure and the Resultant Clinico-immunological Effects in Children in Makueni County Kenya" under the aegis of The University of Nairobi, Department of Medical Microbiology in 2019. He 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 through which capacity he also served as a member of the Medical Advisory Committee.

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 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.

MRS. LUDMILA I. SHITAKHA, HSC

Mrs. Shitakha had been a member of the Board of Management of Kenya Hospital Association from September 2020 until 29th July 2024 when she resigned. During her tenure she served as a member of the Finance and Investment Committee, Infrastructure Projects Management Committee, Human Resources Committee and the Audit Risk and Governance Committee.

Mrs. Shitakha possesses 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 which provides relief to underprivileged women and children.

HON. MR. JUSTICE (RTD) PHILIP NYAMU WAKI, EBS

Hon. Justice Waki is a member of the Finance and Investment Committee and a member of the Audit, Risk and Governance Committee of the Board. He has also served in the Infrastructure Projects Management Committee and the Human Resources Committee.

Justice Waki holds a Bachelor of Laws (Hons) Degree from The University of Nairobi, 1974. He was admitted to the Roll of Advocates of the High Court of Kenya in 1975. Having been in private practice for 20 years, he joined public service upon appointment as a Judge of the High Court in 1995 and later Judge of the Court of Appeal where he served as the presiding Judge of the Court of Appeal in Nyeri and Acting President of the Court. In his 24 years of public service in the Kenya Judiciary, Justice Waki was deeply involved in the reform agenda of that institution of governance. 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 retired from the Kenya Judiciary in 2018.

He also possesses international judicial experience. 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 Judges of that court as the President for a period of 3 years. He continues to serve this international court.

DR. FRED KAMBUNI, MBS

Dr. Kambuni is the current Chairman of the Admitting Staff Association for The Nairobi Hospital and Medical Advisory Committee (MAC) having been elected by the Admitting Staff Association of The Nairobi Hospital on 25th May, 2023. Prior to this election he had served as Chairman, Division of Surgery under which capacity he served as a member of the Medical Advisory Committee. He is a member of the Human Resources Committee and the Audit, Risk and Governance Committee of the Board. He has also served in the Finance and Investment Committee and the Infrastructure Projects Management Committee.

Dr. Kambuni holds a Bachelor of Medicine and Bachelor of Surgery from The Nairobi University, 1985, from where he also attained Masters of Medicine in Surgery in 1995. He attained his specialist recognition of a Paediatric Surgery in 1998 (University of Cape Town). Dr. Kambuni is a Paediatric Surgeon with a Private Clinic at The Nairobi Hospital, Doctors' Plaza, specializing in Paediatric Urology and Paediatric Surgery. This includes teaching and continuous mentoring of upcoming young doctors in his specialty drawn from East and Central Africa and thus contributing to the growth of Paediatric Surgery in the region. He has previously served as a Consultant In-Charge of the Paediatric Surgery Unit.

He is a founder fellow of COSESCA (College of Surgeons of East, Central & Southern Africa). He was awarded the Moran of the Burning Spear (MBS) in 2022. He previously served as Chairman of KAPS (Kenya Association of Paediatric Surgeons), Council Member – KAUS (Kenya Association of Urological Surgeons, Council Member – PAPSA, Head of Paediatric Surgical Unit – Kenyatta National Hospital/ The University of Nairobi, Head of Paediatric Surgical Unit – The Aga Khan University Hospital, Head of Paediatric Surgical Unit – Gertrude's Hospital.

MR. SAMMY ONYANGO

Mr. Sammy Onyango is a former Chief Executive Officer of Deloitte East Africa. Until his retirement in 2018, Mr. Onyango played a multidisciplinary role in the firm, merging both audit and consultancy work. In addition to his role as Chief Executive Officer, he handled a few audit clients as the Lead Client Service Partner (LSCP), Engagement Quality Assurance Review (EQAR) roles and sometimes as engagement partner.

Mr. Onyango was with Deloitte for 38 years and he served as an Audit Partner for 27 years. During his tenure, he acted as the key liaison between the firm and several large clients, ensuring that the firm fulfiled its professional and contractual responsibilities and that any professional, technical or client service problems were resolved promptly with timely consultations. Mr. Onyango holds a Bachelor of Commerce degree from The University of Nairobi, a Diploma from the Institute of Chartered Accountants and certification for arbitration and mediation from the International Law Institute, Georgetown University.

He is a Board member of British America Tobacco Limited from 2019 to -date, a Board member of Equity bank and Chairman of the Audit Committee from October 2020 to-date.

Dr. Sammy Onyango was a member of the Board of Management of Kenya Hospital Association and resigned on 14th March, 2024. He served in various committees of the board.

DR. GLADWELL KIARIE

Dr. Kiarie holds a Bachelor of Medicine and Bachelor of Surgery degrees (MBChB) from The University of Nairobi and a post graduate degree in internal medicine from the same institution. In 2004 she pursued her fellowship in Medical Oncology in London, England.

She worked in various clinical capacities at Kenyatta National Hospital including in the department of Hematology/Oncology. She participated in setting up the first Kenyatta National Hospital Tumor Board in 2007 that runs to-date and facilitates multidisciplinary management of cancer patients. She was also involved in the creation of the oncology department at The Aga Khan University Hospital in Nairobi.

In 2008 she was seconded by Kenyatta Hospital to join The University of Nairobi's Department of Clinical Medicine and Therapeutics as a Lecturer. She also participated in departmental research activities and has published multiple papers in peer review journals on topics including breast and prostrate cancers, lymphomas, multiple myeloma and gastrointestinal stromal tumors. In 2018 she pursued her interests in Oncology including enrolling for a PhD program at the Bart's Cancer Institute in London and in April 2018 she became a Fellow of the Royal College of Physicians of Edinburgh (FRCPE). Dr. Kiarie runs a private clinic at The Nairobi Hospital and also reviews patients at other leading hospitals in Nairobi, including The Aga Khan University Hospital, MP Shah Hospital, Avenue Hospital, Coptic Hospital and Nairobi West Hospital.

She was the Chairperson of the Division of Medicine at The Nairobi Hospital until June 2024 and seats in six hospital committees and is an active member of the Hospital's Multidisciplinary Discussion Tumor (MTD) Board as well as the Nairobi Oncology Research Group (NORG). Dr. Kiarie is a member of the Kenya Society of Hematology and Oncology (KESHO) and a full member of the American Society of Clinical Oncology (ASCO) as well as European Society for Medical Oncology (ESMO).

Dr. Kiarie continues to be an advocate for early diagnosis and treatment of cancer and is greatly involved in programs that focus on providing easy access to basic screening services to the under privileged including setting up oncology services at county level.
Dr. Kiarie was the Vice-Chairperson of the Medical Advisory Committee and served in various committees of the Board. She resigned as Vice-Chairperson of the Medical Advisory Committee in June 2024.

DR. BARCELY ONYAMBU

Dr. Onyambu is the Chairman of the Infrastructure Projects Management Committee and a member of the Finance and Investment Committee of the Board. Dr. Onyambu holds a Master of Medicine in Obstetrics and Gynecology. He has also complemented his medical expertise with training in Healthcare Management from Strathmore University. This is a demonstration of his commitment to the administrative aspects of healthcare. Dr. Onyambu has pursued several certified professional courses further enhancing his knowledge and skills to provide comprehensive and top quality healthcare services.

Dr. Onyambu is a distinguished healthcare professional with a wealth of experience and expertise in the field of Obstetrics and Gynecology. He is a director at Ankh Women's clinic where he provides visionary leadership and oversees delivery of specialized care to women while emphasizing both their health and wellbeing.
He is a member of the Admitting Staff Association and a member of the Medical Advisory Committee of The Nairobi Hospital. He also serves as a member of the Medical Advisory Committee at the AAR Hospital and a member of the Theatres Users Committee at The MP Shah Hospital.

Dr. Onyambu has served previously as the chairman, Insurance Liaison Committee of the Medical Advisory Committee, Chairman Package Committee of The Nairobi Hospital, member of Theatre Users Committee at The Nairobi Hospital, Member of Quality Improvement and Patient Safety Committee at the Aga Khan.

PROF. HERMAN MANYORA

Prof. Manyora is a member of the Human Resources Committee and a member of the Infrastructure Projects Management Committee of the Board. He holds a Bachelor of Education from Kenyatta University and Masters of Arts from The University of Nairobi. He also has a PhD (ABD) where his research title was Tribal Identity and Ideology in Kenyan Print Media: "A Critical Discourse Analysis Approach". Prof. Manyora is a lecturer at The University of Nairobi with over 25 years teaching experience. He teaches communication and linguistics at the Department of Linguistics and at the School of Economic. Outside of university engagement, he is a political and communication strategist and has worked with many politicians and organization in that capacity. He has given many public talks and had engaged with the public through the media.

He is a political commentator and analyst on local and international political and socio economic issues. Further, he has acted as a political advisor to key national political leaders and given strategies on how to address and articulate issues effectively and efficiently. He has offered advisory opinion to county governments on educational, developmental and governance issues. As a writer, he has written academic works on English language with publications such as Optimal English & A Simplified Grammar of English (approved by KICD). As a director Hillman Publishers he has worked with many institutions and individual writers on editing and printing their works.

He has edited and printed the constitution of Free Pentecostal Fellowship. He was awarded a certificate in labour relations negotiation skills that was awarded by American Labour Center.

As a long-term social science researcher working with CPS International and other consulting firms, Prof. Manyora has undertaken many research works in the area of education and governance.

PROF. ENG. JOHN MWERO

Eng. Mwero is a member of the Infracture Projects Management Committee and a member of the Human Resources Committee of the Board. Prof. Eng. Mwero holds a PhD in Civil Engineering (Structural Engineering Materials) from The University of Nairobi, a Masters of Science in Civil Engineering (Structural Engineering) and a Bachelor of Science in Civil Engineering. He is a Registered Consulting Engineer

Eng. Mwero is currently an Associate Professor at The Technical University of Kenya. He is also a Lecturer at The University of Nairobi, Department of Civil and Construction Engineering and a Lecturer at Pan African University, Institute for Basic Sciences, Technology and Innovation. He is a Structural engineer in various projects including dam construction, drainage structures, public roads and highways, public facilities, school buildings and facilities, audit of existing structures, structural design optimization, etc. He is a Consultant in structural engineering design and detailing, site Selection for various infrastructure Projects, Structural design of steel structures such as factory buildings, churches, warehouses, water tank towers and telecommunication.

He is Corporate Member of the Institute of Engineers of Kenya. Eng. Mwero is the Chairman, Technical Committee for Cement and Building Lime at Kenya Bureau of Standards and a Member of the Technical Committee for Cement and Building Lime and a member of the Technical Committee for Concrete at Kenya Bureau of Standards.

MR. GEOFFREY ROTICH NG'ETICH

Mr. Ng'etich is a member of the Infracture Projects Management Committee and a member of the Audit, Risk and Governance Committee of the Board. Mr. Ng'etich holds a Bachelor of Science (Computer Science) from Egerton University, 1998 and a Master Course 2020 in Certified Ethical Hacking.

He has undertaken Ethical Hacking Practices 2020: Complete Guide to Cyber Risk Management; Telecoms Engineer, Mobile Cellular Evolution (Wray Castle, UK) and Oracle Certified Professional, Oracle Applications DBA. Mr. Ng'etich has worked in various ICT organizations such as Cerberus Limited, Nokia Siemens Networks, Acision BV Nederland, Oracle Eastern Africa, Safaricom Limited, Vega Software Limited, British American Tobacco Kenya and Unilever Tea. He is experienced in ICT Strategy, Business Applications, Infrastructure, Information Security, Cloud Infrastructure Security and Project Management. He formulated ICT roadmap plan based on Oracle for Zantel and led a team of 3 consultants in developing ICT roadmap and accompanying ERP Business Case for Ethiopia Airlines. Mr. Ng'etich also developed an ICT roadmap and solution mapping for Napsa (Pensions Fund) Zambia and led a team of 4 consultants in formulating the ICT Strategy for Zain Africa 15 OpCos (15 countries) including recommendations for Business Process Optimization and harmonization across OPCOs. He also executed a Business Intelligence Strategy review at Safaricom.

He is a Board Member, (IT Committee) of Capital Markets Authority and a Board Member, Data Science Advisory Board at Strathmore University. He is the Chief Executive Officer: Yellowstone Tech; Gotemeri Networks Ethiopia; and Eka Maai Tea Factory.

BOARD OF TRUSTEES

PROF. GITHU MUIGAI, EGH, SC

Prof. Githu Muigai holds a Doctor of Philosophy (PhD) from The University of Nairobi, Master of Law (LLM) from Columbia University Law School, New York. 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 has in the past served as 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 His Excellency the 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. Until June 2024, Prof. Muigai served as the Chairman of the Board of Trustees of the Kenya Hospital Association.

DR. JOSEPH AMOLO ALUOCH, EBS

Dr. Aluoch holds a Bachelor of Medicine and Bachelor of Surgery from Makerere University, Post graduate medical diploma from Royal College of Physicians, UK, D.T.C.D. (Wales) a Diploma in Epidemiology and Fellow of the Royal College of Physicians.

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, The University of Nairobi, Honorary Consultant Tuberculosis, World Health Organization amongst others.

He has had a myriad of board experience among KEMRI Board of Management, National Hospital Insurance Fund and Nairobi City Council Chairman, Public Health Committee. On the professional front, he has been the National Chairman of Kenya Medical Association, Chairman Association of Physicians of East and Central Africa, Vice Chairman Hospital Medical Committee at Mater Hospital thereafter Chairman, Member Kenya Hospital Association Board of Management, then Vice-Chairman amongst others.

He spearheaded the first guidelines for antiretroviral therapy in Kenya and Kenya Medical Association Centre was at the centre of its development. He was the President of Nairobi Club from 2015 – May 2017. In 2017 he was awarded honorary membership of the International Union Against Tuberculosis and Lung Diseases. He is the Chairman of HIV Clinicians Society from 2014 to-date.

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 award among them 41 years’ of service at The 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.

Until June 2024, Dr. Aluoch served as the Vice-Chairman of the Board of Trustees of the Kenya Hospital Association.

HON. ESTHER M. MATHENGE

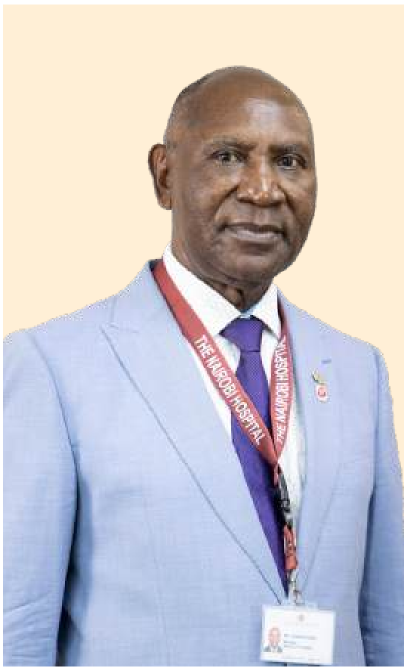
Hon. Esther Murugi Mathenge EGH is currently a Commissioner with the National Land Commission, Kenya. She possesses vast experience in land administration, real estate valuation and management.

She has served as a Council Member of The University of Tangaza where she chaired the Corporate Affairs Committee whose roles was to oversee the University's compensation and benefits policies, evaluate senior executive performance, oversee succession planning for the senior management and to review and recommend to the University Council corporate governance guidelines and the Code of Conduct for the University.

Hon. Esther M. Mathenge has a Master's degree from the UNIVESITA CATTOLICA DEL SACRO CUORE in Global Business and Sustainability in Social Entrepreneurship. She holds a BA in Land Economics from The University of Nairobi, and is a registered member of the Institute of Surveyors in the Valuation and Estate Agents' Chapter and Land Management Chapter.

Hon. Esther M. Mathenge worked with Government of Kenya as Land Administrator and several real estate companies. Hon. Esther M. Mathenge has been a member of parliament representing Nyeri Town Constituency from 2008- 2017. Hon. Esther M. Mathenge has had opportunity to serve as Minister for Gender, Children and Social Affairs. This involved the formulation for the care of children and most vulnerable in society, i.e., elderly and persons with disability (2008-2010). She also served as Minister of Special Programmes. The appointment entailed dealing with disasters both manmade and natural. Her responsibilities also required her to formulate disaster management and HIV policies (2010-2013)

Hon. Esther M. Mathenge has in the past worked very closely with international organization SORPTIMIST INTERNATIONAL and chaired the Kenyan Chapter. This organization worked with women to improve their social economic and education standards. Until June 2024, she served as a trustee of the Board of Trustees of the Kenya Hospital Association.



FCPA EDWARD (Eddie) R. O. OUKO BCom, FCA, CBS

FCPA Edward is a results-oriented, patriotic, humble servant and audit professional who served as the Auditor-General of the Republic of Kenya from August 2011 to August 2019 where he executed his duties diligently with utmost independence and integrity. Prior to this appointment, he had served in various capacities at the African Development Bank for over 24 years and later appointed to serve as Auditor General of the Bank where he was responsible for directing all audit activities and in charge of the anti-corruption and fraud function up to June 2010. Prior to joining the Bank in 1987, he worked for Deloitte Haskins and Sells in London and Nairobi, as a staff accountant and later Audit Manager at Deloitte Kenya.

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 relating to 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.

He has served as a Member of the Advisory Board; Vienna-Based International Anti-Corruption Academy (IACA), 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. Until June 2024, he served as a trustee of the Board of Trustees of the Kenya Hospital Association.

MRS. JANE WANGUI MUIGAI-BRIGGS

Mrs. Briggs holds a Bachelor of Science in Aeronautical and Astronautical Engineering from Purdue University, West Lafayette, Indiana and a Master of Business Administration from Rice University, Houston, Texas.

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 the Director at Eagle Africa Capital Partners Limited a firm that provides Corporate Finance Advisory Services in Kenya and also a patient capital investment vehicle sourcing local capital. She is also over 8 years developed a 50 MW wind farm project, both as a developer and in project management including arranging for Strategic Investor and Financier.

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 has 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.
Until June 2024, he served as a trustee of the Board of Trustees of the Kenya Hospital Association.

PROF. ORPHA ONGITI

Prof. Orpha Ongiti is an Associate Professor in Educational Administration and Policy Studies at the Africa Nazarene University. She is also the Dean, post graduate and Director of the Institute of Research in the same University.

Prof. Ongiti holds a Doctorate PhD in Educational Administration and Policy Studies from State University of New York at Albany, USA, a Master of Science in Educational Administration and Policy Studies from the same University and a Bachelor of Business Education, Philosophy of Religious Studies and Kiswahili Language from The University of Nairobi.

She has undertaken relevant trainings namely: Trustee Development Training Program, Finance for Non-Finance Managers Training, Corporate Governance Training, Boards of State Corporations training and Quality Management Systems Training.

Until June 2024, she served as a trustee of the Board of Trustees of the Kenya Hospital Association.

SENIOR *Management* TEAM

During surgery, the O-Arm provides real-time, and 3-D images of internal organ, skeletal that surgeons use to make precise placements of instruments and implants.

James Nyamongo, MBS
Chief Executive Officer

Mr. Samuel Odede, OGW
Director of Medical Services & Research

Mary Kamau
Director of Nursing Services

Dr. Margaret Sirima.
Principal, College of Health Sciences

Nicodemus Odongo
Director, Strategy & Innovation

William Masita
Finance Director

Mohamed Doo
Director of Human Resources

Felix Osano
Director, Supply Chain

Dr. Magdalene Kamande
ICT, Director

Gilbert Nyamweya
Company Secretary

Antipas Nyambok
Head of Operations

Weldon Rotich
Head of Internal Audit

Audrey Onsomu
Head of Risk & Compliance

Major (Rtd) Guido Aido Leariwala
Chief Security Officer

Trevour Adudah
Ag. Head of Engineering

Sosbie Wing in 1957

Corporate Governance

The Nairobi Hospital Convention Centre has 25 seater meeting rooms & 16 seater meeting room open to the public

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 Nairobi Hospital Board of Management is responsible for the corporate governance of the Hospital and is accountable to Kenya Hospital Association members for ensuring that the company complies with the laws and the highest standards of corporate governance and business ethics. The Board members attach great importance to the need to conduct the business and operations of the Hospital in accordance with generally accepted corporate practice.

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

The Trustees of the hospital are nominated by members of the Board. They are Non Executive Members with a crucial role in overseeing the operations and governance of the Association

BOARD OF MANAGEMENT

The Board of Management is composed of non-executive members elected by Kenya Hospital Association Members. The Kenya Hospital Association Members' responsibility is to elecxt the Board of Management and to ensure that the Board is held accountable and responsible for the efficient and effective governance of the institution.

Members of the Board have a range of skills and experience, and each brings an independent judgment and considerable knowledge to the Board's discussions. 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 budget.

CORPORATE GOVERNANCE STATEMENT (Continued)

The full Board meets at least four times a year and the Chairman has weekly meetings with the Chief Executive Officer. The Board members are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. 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
Governance	3	21%
Medical	5	37%
Audit & Finance	2	14%
Economics	1	7%
Legal	1	7%
ICT	1	7%
Engineering	1	7%
	14	100%

BOARD MEETINGS

The Board, as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall oversight of the business. The Board agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated within stipulated timelines. The Board of Management held 13 meetings. Due to changes in the board, the number of meetings attended per member varied depending on their joining dates.

Member	Meeting attendance
Hon. Dr. Chris M. N. Bichage, PhD	13/13
Mr. Philemon Mwaisaka, EBS, SS	13/13
Dr. David Githanga, MBS	13/13
Dr. Magdalene Muthoka, PhD	13/13
Dr. Barcley Onyambu	5/5
Dr. W. Irungu Ndirangu, Major (Rtd)	13/13
Dr. Fred Kambuni, MBS	8/8
Mrs. Ludmila Shitakha, HSC	13/13
Hon. Justice (Rtd) Philip Waki, EBS	12/13
Dr. Gladwell Kiarie	7/7
Prof. Herman Manyora	5/5
Mr. Sammy Onyango	3/3
Mr. Geoffrey Ng'etich	3/3
Prof. Eng. John Mwero	3/3

CORPORATE GOVERNANCE STATEMENT (Continued)

BOARD REMUNERATION

Non-Executive Directors provide services to the company to which they are entitled to remuneration. 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. Kenya Hospital Association Memorandum and Articles of association provides for remuneration of the board members.

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

Audit, Risk and Governance Committee

There is an Audit, Risk and Governance Committee constituted by the Board. The Committee meets at least four times a year. Its membership comprises six non-executive members and the Head of Internal Audit. 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 department performs various activities in the evaluation of risk management, control and governance. Material business risks in the systems and financial controls are highlighted and brought to the attention of the Audit, Risk & Governance Committee, Senior Management and external auditors. In 2023, the committee convened 8 times. Due to changes in committee membership, the number of meetings attended per member varied depending on their joining dates.

Name	Role	Meetings attended
Dr. David Githanga, MBS	Chairperson	8/8
Dr. W. Irungu Ndirangu, Major (Rtd)	Member	2/2
Mr. Philemon Mwaisaka, EBS, SS	Member	2/2
Hon. Justice (Rtd) Philip Waki, EBS	Member	2/2
Mrs. Ludmila Shitakha, HSC	Member	2/2
Mr. Sammy Onyango	Member	1/1

Medical Advisory Committee

The Board has constituted a Medical Advisory Committee (MAC), which meets at least four times a year. Its membership comprises elected members of Admitting Staff, the Chief Executive Officer, the Director Medical Services and Research and the Director of Nursing Services. Its responsibilities include the review of professional standards, ethics and any patients' complaints on 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 2023, the committee convened 12 times. Due to changes in committee membership, the number of meetings attended per member varied depending on their joining dates.

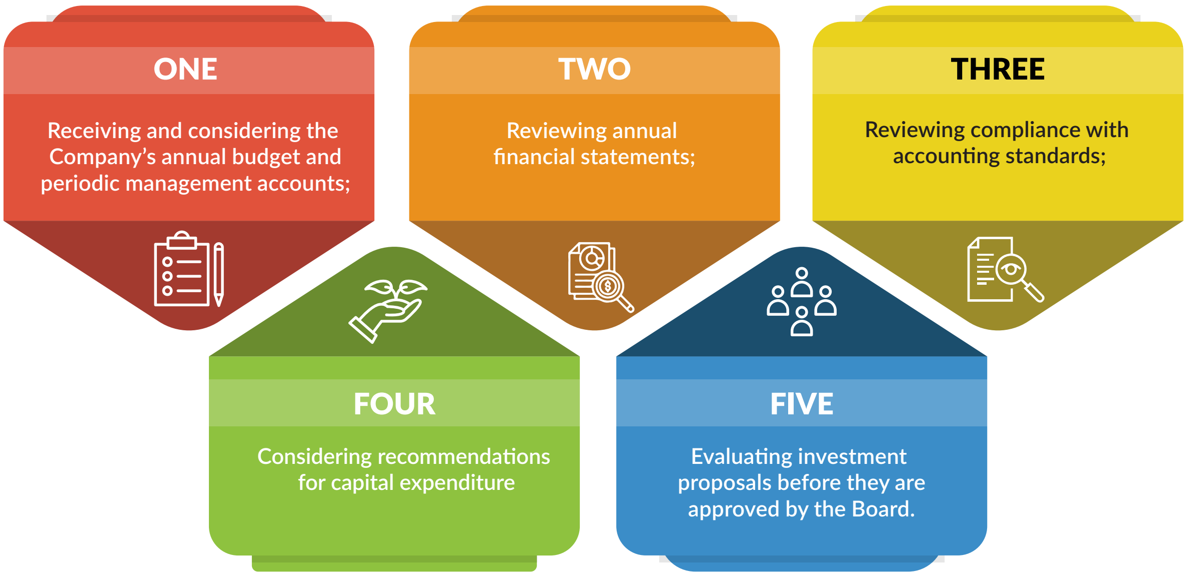
CORPORATE GOVERNANCE STATEMENT (Continued)

Name	Role	Meetings attended
Dr. Fred Kambuni	Chairperson	12/12
Dr. Gladwell Kiarie	Vice Chairperson	11/12
Prof. Guyo Waqo Jaldesa	Member at Large	12/12
Dr. Caroline Odula-Obonyo	Chairperson, Obs & Gyn	12/12
Dr. Mbira Gikonyo	Chairperson, Surgery	4/7
Dr. Agnes Gachoki	Member at Large	12/12
Dr. Stephen Muhudhia	Chairperson, Paediatrics	12/`12
Dr. Thomas Chokwe	Chairperson, Anaesthesia	6/6
Dr. Henry Kioko	Coopted Member	2/2
Dr. Peter Chacha Magabe	Coopted Member	1/2

Finance and Investment Committee

There is a Finance and Investment Committee constituted by the Board. The Committee meets at least four times a year. Its membership comprises six 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 when there are audit issues.

The Committee's main responsibilities include:



In 2023, the committee convened 9 times. Due to changes in committee membership, the number of meetings attended per member varied depending on their joining dates.

Name	Role	Meetings attended
Dr Magdalene Muthoka, PhD	Chairperson	9/9
Dr. Fred Kambuni, MBS	Member	3/3
Dr. David Githanga, MBS	Member	7/7
Hon. Justice (Rtd) Philip Waki, EBS	Member	3/3
Mrs. Ludmila Shitakha, HSC	Member	3/3
Mr. Sammy Onyango	Member	8/8

CORPORATE GOVERNANCE STATEMENT (Continued)

Human Resources Committee

There is a Human Resources Committee of the Board which meets quarterly. The Committee is mandated to review and formulate on behalf of the Board human resources policies for the Hospital on employee recruitment, staff training development, staff welfare and training, and organizational development. It is further mandated to ensure the Hospital has in place Human Resources strategic objectives and that these are implemented. In 2023, Its membership comprises six non-executive members.

In 2023, the committee convened 2 times. Due to changes in committee membership, the number of meetings attended per member varied depending on their joining dates.

Name	Role	Meetings attended
Dr. Barcley Onyambu	Chairman	2/2
Dr. W. Irungu Ndirangu, Major (Rtd)	Member	1/2
Prof. Herman Manyora	Member	2/2
Dr. Gladwell Kiarie	Member	2/2
Mr. Geoffrey Ng'etich	Member	2/2
Prof. Eng. John Mwero	Member	2/2

Infrastructure Projects Management Committee

There is an Infrastructure Projects Management Committee whose role is to fulfill the Hospital's infrastructure planning, development and construction activities. The role of the committee includes oversight, reporting and making recommendations to the Board with emphasis on a long-term strategic infrastructure plans. Its membership comprises eight non-executive members with senior management invited into the deliberations.

In 2023, the committee convened 7 times. Due to changes in committee membership, the number of meetings attended per member varied depending on their joining dates.

Name	Role	Meetings attended
Mr. Philemon Mwaisaka, EBS, SS	Chairperson	7/7
Dr. Fred Kambuni, MBS	Member	4/4
Prof. Herman Manyora	Member	2/2
Dr. Magdalene Muthoka, PhD	Member	2/2
Dr. Gladwell Kiarie	Member	4/4
Dr. Barcley Onyambu	Member	2/2
Mr. Geoffrey Ng'etich	Member	2/2
Prof. Eng. John Mwero	Member	1/2

INTERNAL CONTROLS

The Hospital has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have material financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure appropriate 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. Weekly meetings are held by executive management to monitor operations and performance.

The Nairobi Hospital Convention Centre Amphitheatre

CORPORATE GOVERNANCE STATEMENT (Continued)

RISK MANAGEMENT AND COMPLIANCE

The Risk and Compliance function aims at ensuring that the hospital assesses and responds to all the risks that could affect achievement of its strategic, financial, and operational objectives. The function consists of the following functional areas:

The risk management program in The Nairobi Hospital is a blend of ISO 31000 and COSO ERM Frameworks. Our primary goal is to provide the highest quality of healthcare services to our patients. As a result, we accept that there are inherent risks that come with the business. However, we have implemented a robust risk management framework that helps us identify, assess, and manage these risks effectively. By doing so, we reduce the likelihood and impact of negative events, which can harm our patients, staff, reputation, and financial performance. We remain committed to continuously improving our risk management processes to ensure that we achieve our objectives while maintaining a safe and sustainable healthcare environment.

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 recently hired a Health and Safety officer to help the Hospital in its pursuit of the ISO 45001 accreditation. The Hospital is also currently pursuing the Joint Commission International Accreditation ("JCIA") with the objective to complete the same in the next 18 to 24 months.

Our Risk Management Principles

The Risk management and Control approach is based on the following principles:

1. **Governance and Culture**: The Nairobi Hospital has established a governance structure, Audit Risk & Governance ("ARG") Committee, that provides oversight and accountability for the Hospital's risk management activities. The Hospital also has a culture that values risk management and encourages open communication about risks.
2. **Risk management is an integral part of the Hospital's processes**: The Hospital has integrated risk management into all its processes, including planning, operations, and decision-making. Risk management is considered at all levels of the Hospital, from the board of directors to the operational level.
3. **Strategy and Objective-Setting**: The Hospital has aligned its risk management activities with its overall strategy and objectives. This involves identifying the risks that could impact on the Hospital's ability to achieve its strategic goals and taking appropriate measures to manage those risks.
4. **Information, Communication, and Reporting**: The Hospital has established upward and downward communication and reporting processes that ensure that relevant stakeholders are informed about the Hospital's risk management activities. This involves providing timely and accurate information about risks and risk management practices to the board of directors, senior management, and other stakeholders as appropriate.

CORPORATE GOVERNANCE STATEMENT (Continued)

5. **Risk management is based on the best available information**: The Hospital bases its risk management framework on the best available information, including internal and external data, expert opinions, and stakeholder feedback. The Hospital continuously monitors its environment and adjusts its risk management approach accordingly.
6. **Risk management is part of decision-making**: The Hospital uses risk management to inform and support decision-making at all levels of the Hospital. Decision-makers considers the potential risks and their impact before making any significant decisions.
7. **Review and Revision**: The Hospital periodically reviews and revises its risk management framework to ensure that it remains effective and relevant. This involves assessing the Hospital's risk management practices and making changes to address any deficiencies or emerging risks. The current framework is valid for a period of 3 years.

The Elements of our ISO 31000 and COSO ERM Risk Management process

The Hospital incorporates the following elements of the COSO ERM Framework and ISO 31000 to strengthen its risk management capabilities and ensures that it is better prepared to respond to potential threats and uncertainties.

i. **Risk assessment:** This includes identification of the potential risks facing the Hospital, both internally and externally, is done by analyzing past incidents, conducting risk assessments, and engaging with stakeholders. Our risk taxonomy mapping has identified 77 sections in the Hospital for which risk assessment is done. These include all the wards, all clinical areas, corporate functions and all our outpatient centers. The identified risks are then evaluated for likelihood and impact, using a structured approach.
ii. **Risk response:** As a Hospital, we develop and implement appropriate risk responses, is based on the results of the risk assessment. This involves treating, taking, terminating, or transferring the risk.
iii. **Control activities:** The Hospital implements control activities to mitigate identified risks. This may involve implementing policies and procedures, monitoring activities, and providing training and awareness programs.
iv. **Risk reporting:** Risk reporting is done weekly, monthly, and quarterly to the CEO's office. Risk reports are prepared and presented to the Audit, Risk and Governance committee of the board every quarter. Discussions and deliberations of the committee are then shared with the full board for ratification. Risk assessment reports are also shared with functional heads for their knowledge, use and mitigation. Content of the risk reports is tailored based on the audience and professional judgement.
v. **Information and communication:** Risk & Compliance has established effective communication channels to ensure that risk information is shared appropriately throughout the organization. This includes reporting on risk management activities to senior management and the board.
vi. **Monitoring:** Regular monitoring of the effectiveness of the risk management framework is done to ensure that it remains relevant and effective.

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 clash 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 about 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. There is one open day in a year which provides members with the opportunity to see for themselves the developments going on at the Hospital and to raise any matter with the Board and Management.

Hon. Dr. Chris M. N. Bichage, PhD
Chairman
26th June 2024

James Nyamongo, MBS
Chief Executive Officer
26th June 2024

STRATEGY IMPLEMENTATION STATUS, DECEMBER 2023

The hospital progressed well in implementation of its 2019-2024 strategy. The Strategy implementation status is discussed below:

Strategy 1

Utilization of capacity (Optimize & Expand the Main Campus)

Various works to optimize main hospital were undertaken, these included main entrance works phase 2, Basement, ground floor at pharmacy, first floor at occupational therapy, Hydrotherapy pool B, Theatre, Western entrance, A&E CT scan project, Installation of Bed lift in Capital Centre, extension of Cathlab space, snagging Eastwing, Staff and VIP parking, sewer and storm water drainage, and general maintenance operations.

Strategy 2

Double down on priority specialties

The hospital engaged in scoping of priority specialties which saw it engage Emergency specialist, Clinical Oncologist, Intensivist and Nephrologist amongst other specialty strengthening initiatives. The hospital has made capital investments in medical equipments upgrades in key clinical specialties.

Strategy 3

Unrivalled offerings (Create unrivalled offering in Nairobi and East Africa)

Beginning investment in regional offering is ongoing attracting patients across the globe. Under this strategy Memorandum of Understanding with Faraja Trust, Medicines San Frontiers France, and PIH Rwanda have all been signed.

Strategy 4

Create coherent social responsibility program

The hospital engaged in various CSR activities within the period. This included pre-planned activities based on World Health Day, and Ad-hoc emergency response initiatives.

Strategy 5

Deliver patient-centred quality care

The hospital introduced a quality management system in 2022 to enable comprehensive tracking of patient journey and clinical pathways. The Hospital also installed a queue management system to improve patient care turnaround time.

Strategy 6

Conduct financial functions and back office transformation

The hospital carried out a comprehensive review of its credit control system, Doctors payments and billing functions with an aim to improve on existing processes and procedures.

Strategy 7

Implement digital strategy

The hospital is in the process of Implementing a digital transformation initiative that will involve upgrading current health management information systems and enterprise resource planner. This initiative will result in better patients experience, cost efficiciency and improved revenues.

Strategy 8

Enhance Operational Efficiency

Existing policies procedures and processes were revised to enhance efficiency in operations. All these are geared towards improving stakeholder experience and enhanced cost efficiency.

Strategy 9

Improve staff engagement and performance

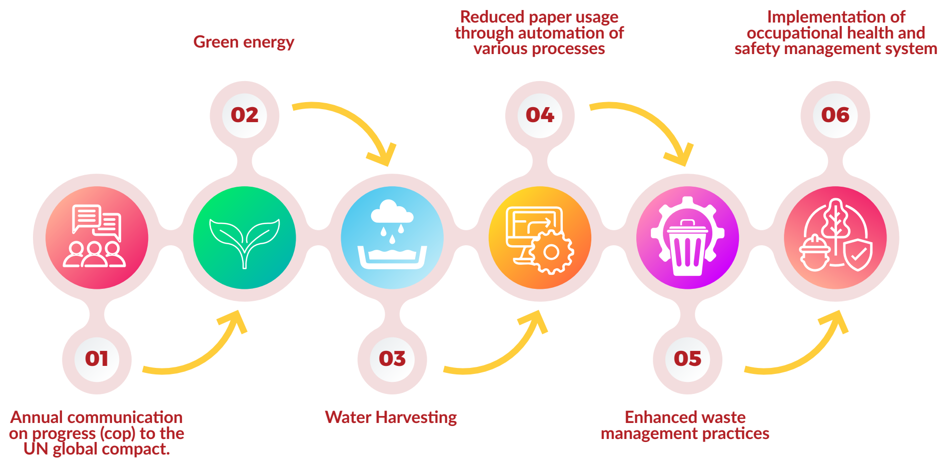
Various initiatives were undertaken in 2022 so as to improve staff engagement and productivity. Additionally, the hospital facilitates various continuous medical education as part of proffesional development of staff.

Environmental Sustainable Development Goals (ESDG)

The Nairobi Hospital recognizes the importance of preserving our planet's resources for the well-being of all. That's why we're actively engaged in a collective journey toward an environmentally sustainable future.

The Hospital has integrated its operations with environmental initiatives. It has maintained certification for environmental management system, quality management system, food safety management system. The hospital has also enrolled under the United Nations Global compact reporting on the hospital's environmental footprints based on sustainable development goals (SDGs). This is aimed at benchmarking with best practices to ensure implementation and environmental sustainability.

Some of the initiatives in the process of adoption include:



Additional initiatives for the future would include assessing the Hospital carbon footprint emissions.

ESG – Environmental, Social, Governance

Environmental

Decarbonization
The hospital has window films on most of its buildings lowering the carbon footprint and decreasing the demand for the HVAC system which consequently saves energy.

Waste Management
As part of responsible waste management, our waste is disposed by companies certified by the National Environment Management Agency (NEMA) which collect, dispose and incinerate the waste in an environmentally friendly and approved manner.

Social

Patient Care Quality
We continue to strive to ensure high standards of patient safety, quality care by incorporating the latest technology and expanding the medical offerings at the hospital.

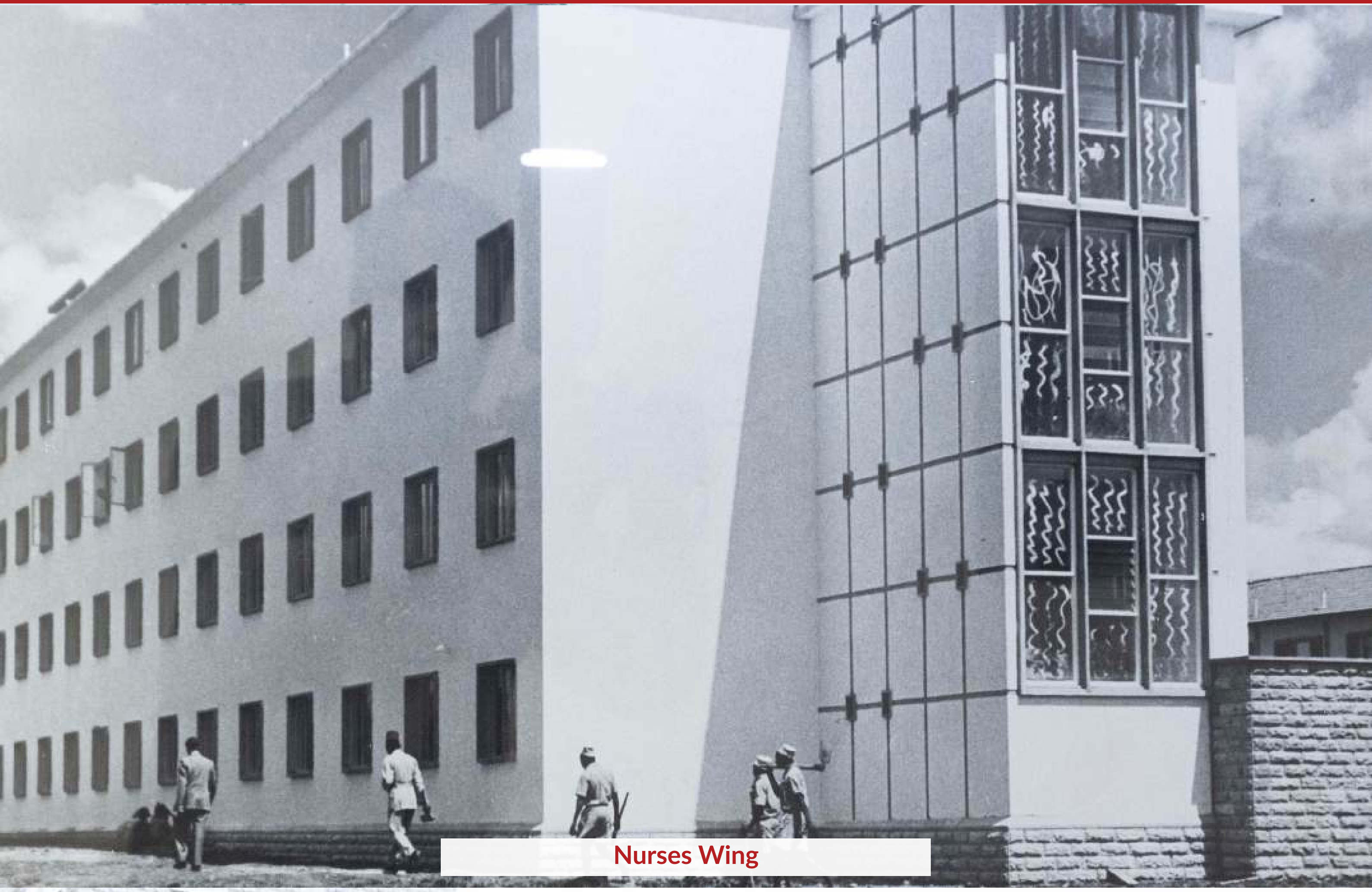
Employee Health & Safety
To facilitate the wellbeing of the staff, we have a fully functional GYM for staff, provides medical scheme and a mother's room for lactating mothers. The hospital continuously conducts training on mental wellbeing and career development at the workplace.

Governance

Ethical Governance & Compliance
The hospital has a functional board with diverse members that are responsible for the corporate governance of the Hospital and ensuring the hospital complies with the laws and highest standards of corporate governance, practice and business ethics.

Data Privacy & Cybersecurity
With the increasing use of electronic health records, the hospital has adopted strong data protection measures to safeguard patient privacy and comply with data protection regulations like HIPAA (Health Insurance Portability and Accountability Act).

The 46th IHF World Hospital Congress Award in Lisbon, Portugal



Nurses Wing

The Laboratory Wing - 1986

Celebrating 70 Years of Healthcare with a difference

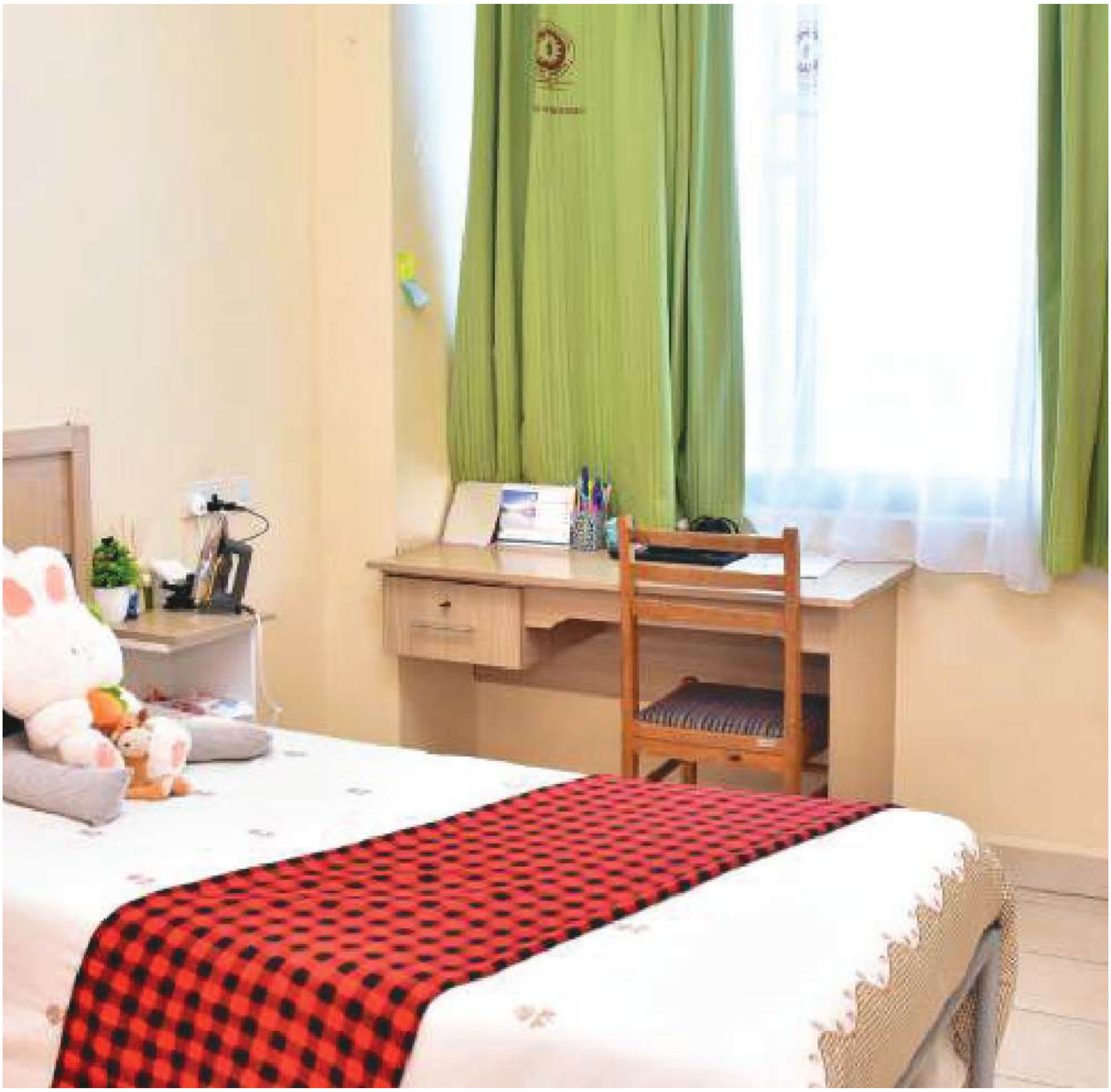
COLLEGE OF HEALTH SCIENCES

The Nairobi Hospital Cicely McDonell College of Health Sciences was founded in 1956 as an initiative of the Kenya Hospital Association. The College of Health Sciences continues to develop Nurses for the Hospital and other medical institutions not only in Kenya but also in other parts of the world.

Student Population: The student population is at 340 in both basic and post-basic (specialized) programs. This is set to increase in 2024 as the specialized nursing programs increase with re-engineering of the delivery from full time to part-time and an in increase in student retention.

Part-time module: The College begun to Offer Post-basic (specialized) diplomas on part time basis following approval by The Nursing Council of Kenya (NCK). The part-time module has attracted more nurses as it offers the convenience of learning while working. The College partnered with HELB to offer student loans on tuition for the post-basic students who were in employment since they could continue to pay for their loans as they studied.

Nephrology Nursing Response: This is the newest post-basic nursing program that continues to attract various students. The college introduced Nephrology nursing in response to the rising number of patients in the country with renal disorders requiring dialysis and kidney transplants. One of the key transformative initiatives in the Strategic pillar is delivery of patient centered quality care. Renal dialysis by its nature is long term and the College purposes to build capacity to ensure the growing number of renal dialysis and kidney transplant cases get quality care. This course duration on part-time basis is 18 months.



What our student say:

> *I liked the quality of training and the warm engagement with the faculty and support staff. The experience in the College of health sciences is better than the learning environment in our secondary schools. The environment is warm, and I must appreciate the considerate and friendly lecturers. I like the open policy; you can see any member of the faculty when you have a need. The hostels are clean with good security. We have WiFi in the lecture halls and the common areas in the hostela. We wish WiFi can be extended to the entire hostel area so that we access Wifi from the rooms. The food is good, especially the monthly themed lunch. My expectations upon joining CHS are 100% met.* ***Current student, September 2024 class.***

> *CHS has changed me significantly. As a leader in the council, I honed my leadership skills. The CHS management has trusted us and given us responsibility and they are also available to be consulted as we lead the students body. The concerns are responded to promptly and what cannot be done is communicated. The college has also exposed us through external engagements when they arise, giving us an opportunity to compare ourselves with others. I am confident and I have just taken my licensure examination and passed. I have no doubt, I will fit in the Job market.* ***Student leader***

> *I would like to appreciate the College because of the level of discipline that has been upheld. As a parent, I have noted the significant change in my son. He dresses differently and the hair is well kempt. Since he joined the college, we have noted that he is more positive and expressive, and we can hold meaningful conversations parent during the parents meeting held on 1st December, 2023.* ***Parent***

Our Alumni:

The College alumni has the following objectives:

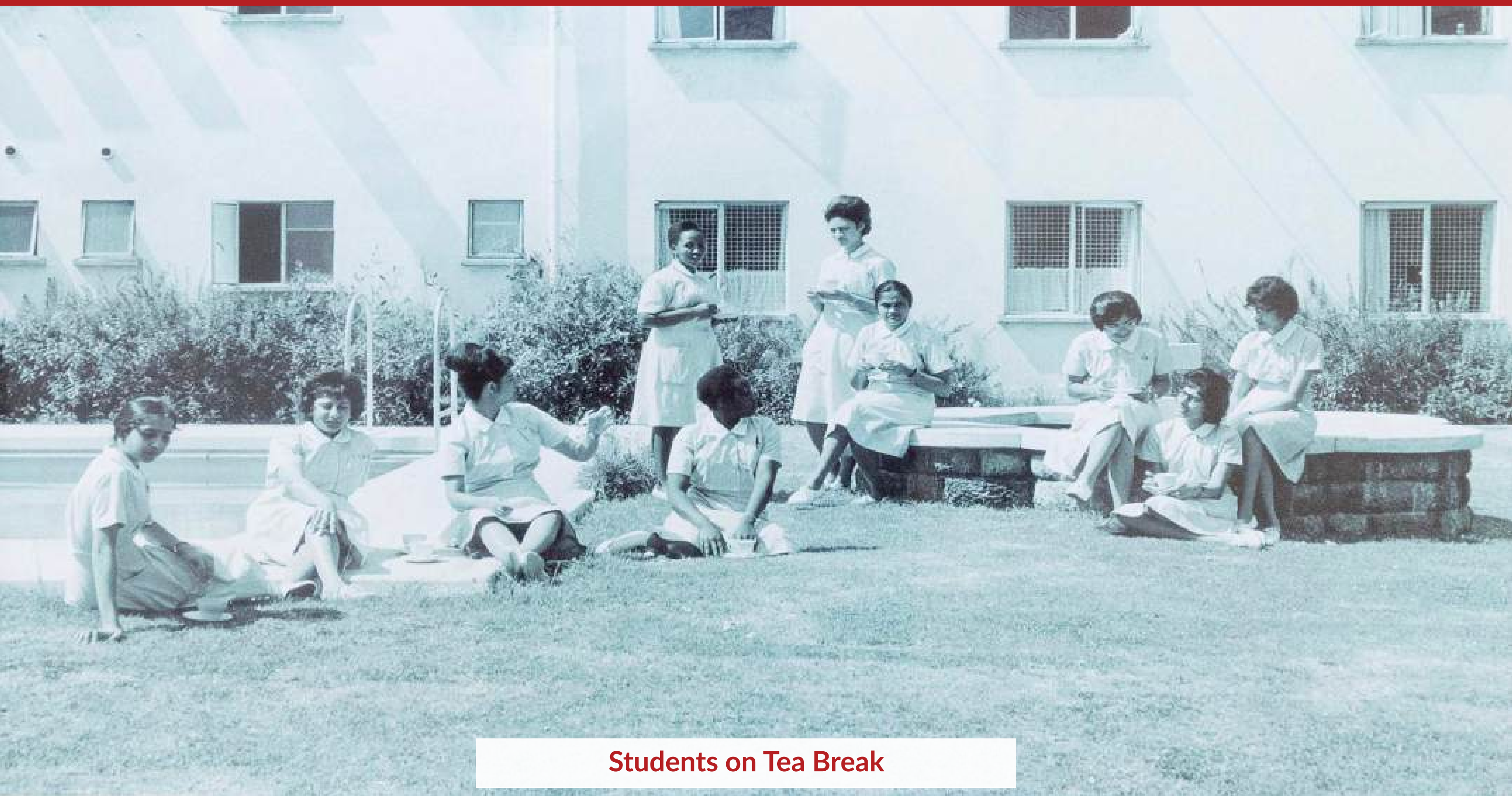
1. To encourage, foster, and promote close relations among the alumni.
2. To promote a sustained sense of belonging to The Nairobi Hospital Cicely McDonell School of Nursing Alumni by being in regular contact with them.
3. To provide and disseminate information regarding Cicely McDonell CHS, its graduates, facul-ties, and students to the Alumni.
4. To assist and support the efforts in obtaining funds for development and support for needy students.
5. To guide and assist the Alumni who have recently completed their courses of study to keep them engaged in productive pursuits useful to society.
6. To provide a forum for the Alumni for exchange of ideas on academic, cultural, and social issues of the day by organizing and coordinating reunion activities of the Alumni.
7. To let the Alumni, acknowledge their gratitude to the Cicely McDonell CHS

Key Partnership:

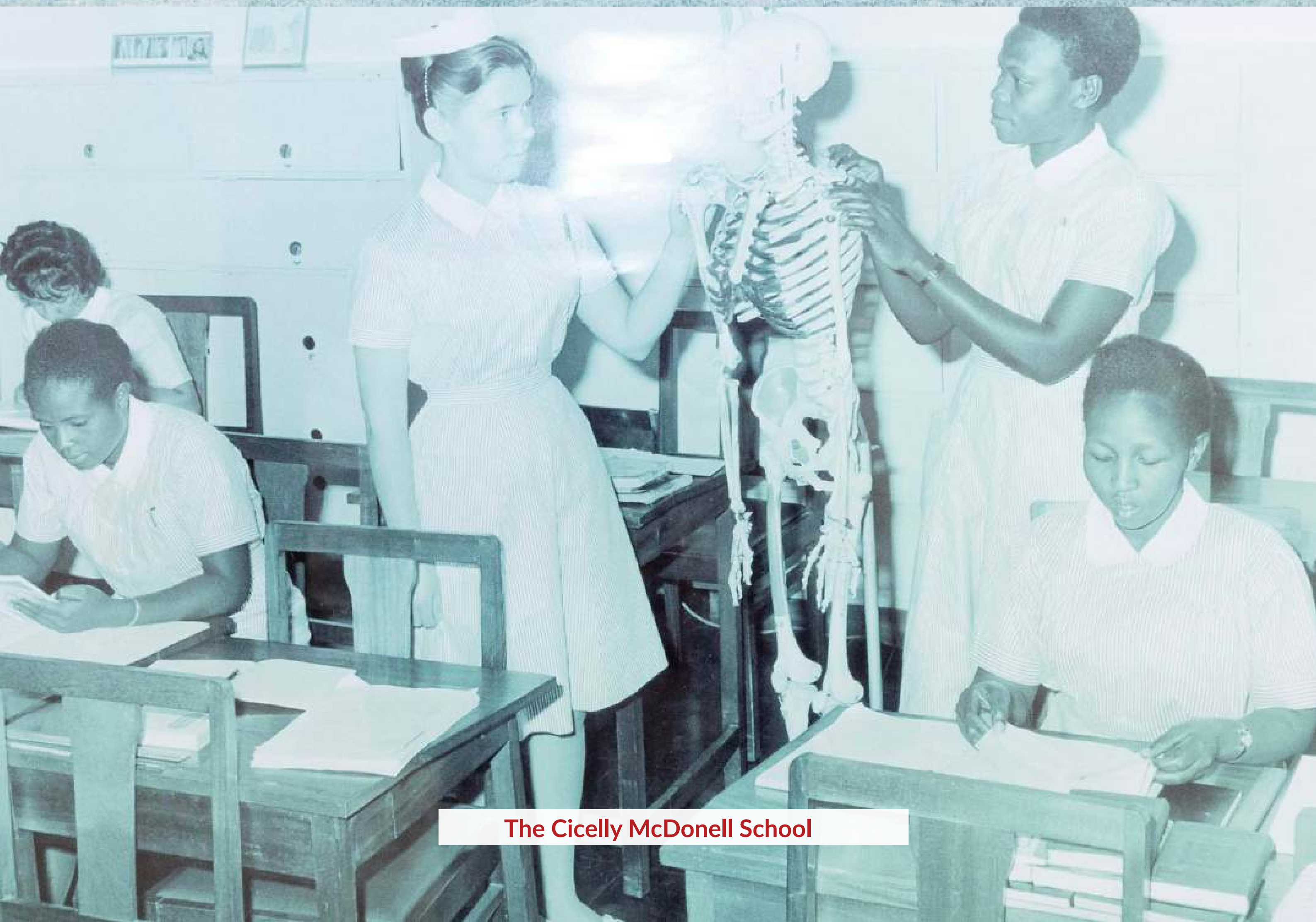
In November 2022, the College entered a partnership with HELB that gives loans to higher diploma students. Most students get 100% tuition and upkeep loans. This partnership has helped to attract post-basic students in different areas of specialization. The partnership has been sustained especially because the students continue to pay as they study.

Library:

The College library acquired a library security system (RFID) to enhance security of printed resources. Three of the four modules are completely installed. One module, the self-service module is awaited. The Library is fully automated using Koha Integrated System. The facility's resources are accessible at: http://library.nbihosp.org and can be remotely accessed through MYLOFT on registration at the library. The library has subscribed to various online databases in medicine, nursing, and allied subjects e.g., Pubmed, Hinari, (whose portal has migrated to Research4Life), ScienceDirect, among others. The library has a digital repository that is accessible through the library portal http://library.nbihosp.org:8000.



Students on Tea Break



The Cicelly McDonell School

PEOPLE & Culture

Heated swimming pool at the staff health club

About Human Resources

The foundation of any healthcare system is its people- the caregivers and support staff directly responsible for patient outcomes and satisfaction levels. Human Resources team is responsible for hiring and onboarding those people, fostering a positive and compassionate workplace culture, helping employees advance their careers, and ensuring that the Hospital and its employees comply with a host of policies and regulations.

Role of the HR Function

Human Resource Department understands that employees are key to providing an exemplary patient experience. The employees help position the Hospital for success. The Department takes part in influencing and shaping the corporate strategy by ensuring that our workforce is aligned with our organizational objectives.

The Department is charged with the responsibility of foreseeing the following functions.

Learning and Development

A comprehensive training and development program has wide-ranging benefits, including higher staff retention, improved legal compliance, and better patient care. The Hospital invested in training and development of its staff through HR Division and the Training Committee.

Various staff were trained on the following major areas in the financial year 2023:

- **TRAINING 01** General Clinical & Nursing intervention trainings
- **TRAINING 02** Conferences, seminars and congresses on health issues
- **TRAINING 03** Quality Management trainings
- **TRAINING 04** Compliance trainings
- **TRAINING 05** Statutory trainings
- **TRAINING 06** Certification trainings
- **TRAINING 07** Continuous professional development trainings

The Hospital facilitated the following specific trainings in 2023:

1	TVETA Quality Assurance Training
2	Integrated Lead Auditor Training
3	Biosafety & Biosecurity Training
4	Minimal Invasive Workshop
5	Diabetes Study Group Scientific Conference
6	General Clinical Practice Training 2023
7	Hospital Pharmacists Association Of Kenya (Hopak)
8	10th RASCO 2023 Scientific Conference
9	65th Annual Nurses Scientific Conference 2023
10	International Nurses Week Launch
11	Combined Assurance Workshop
12	Kenya Pharmaceutical Association (KPA) 2023
13	KRPON Conference 2024
14	Anesthesiologist Annual Scientific Conference
15	Kenya Nephrology Nurses Association Conference
16	KRCCN Conference 2023
17	Annual IPNET Kenya Conference
18	East Africa Physiotherapy Scientific Conference
19	Infection Prevention And Control Symposium
20	Labour Support Specialist
21	Lymphedema Management Certification Training
22	22Nd Annual HUQAS Scientific Conference
23	28th Medical Laboratory Scientific & Exhibition Conference
24	2nd African International Neurophysiology Conference
25	Certified Employee Relations
26	Emerging Issues And Trends In Labour Laws And Industrial Relations In Kenya
27	ESCACON Training
28	Infection Prevention And Control Workshop
29	Joint Infectious Disease Conference
30	Medical Records Conference
31	Pharmaceutical Society Of Kenya (Psk) Conference
32	Taxation Master Class Training
33	(KLISC) 2023 Pre-AGM Workshop
34	14Th Annual Surgical Symposium 2023
35	20Th Kenya Pediatric Nurses Conference
36	26Th Critical Care Conference
37	9Th Annual Oncology Chapter Conference
38	Annual KRNA Conference 2023
39	Annual KRNA Conference 2024
40	Annual KRNA Conference 2025
41	Annual KRNA Conference 2026
42	Annual KRNA Conference 2027
43	Data Science For Health In Africa (Ds-I) Africa
44	Forensic Fraud And Internal Controls Virtual Workshop
45	Knee Camp Training 2023
46	KSPRAS Annual Scientific Conference 2023
47	Lab Talk China Training
48	Legal Compliance And Governance Audit
49	Point Of Care Testing Training
50	Roche Diagnostics Training
51	Structured Approach To Major Medical Incidents (Sammi) Training
52	The 40Th Annual Seminar
53	The Kenya Pediatric
54	World Physiotherapy Congress 2023
55	Young Leaders Conference

Staff webinars

In a bid to grow our staff and expand our staff career skills, the Hospital organized workshops, and trainings designed to help staff develop.
For the past one year, management has managed to hold the below webinars:

i. **December 2023-Stress Management in a fast-paced working environment.**
ii. **March 2023-Financial wellness, March 2023-Investment Talk.**
iii. **May 2023 Month's long Mental wellness campaigns on various dates.**
iv. **June 2023-Medication adherence in chronic disease management.**

Culture Transformation

In fostering a positive culture towards releasing a cohesive workforce, the hospital conducted a culture survey the result of which will be incorporated in the 2025-2029 strategic plan.

Staff Safety

Every employee has the right to work in a safe and healthy environment. To realize and in compliance with the Directorate of Health and Safety as well as the Occupational Health and Safety Act, this the hospital has conducted various sensitizations and drills to ensure staff preparedness in case of unforeseen eventualities.

Leadership Forums

To ensure cross functional alignment to business goals and peer review of plan execution, Senior Management Team has held various forums to improve on collaboration.

i. **Leadership Accelerator Training Program by Raiser Group to SMT for one year**
ii. **Periodic SMT meetings where various sections give an update of the developments in their docket as well as receive input fro m the team.**
iii. **One Team building activity for SMT was done in Naivasha in after a weeklong retreat of drafting the Hospital's corporate workplan. The bonding session has since ensured that there are no barriers between team members, which encourages a collaborative, free work environment.**
iv. **Charge Nurses' had a retreat in September 2023 which facilitate bonding and collaborations amongst**

Townhalls

Management organized for planned Hospital-wide meetings in which the focus is on interaction amongst employees cutting across all cadres and the Chief Executive Officer. In 2023, management held townhalls in July & December 2023 which had most staff issues addressed to foster harmonious work relationships and employee satisfaction.

Gym and staff wellbeing

To facilitate the well being of the staff, Human Resources department facilitated staff health club events which included:

1. Aqua fitness challenge
2. Kizomba fitness party dance at Amphitheater
3. Outdoor camp Dunda hike

HR Health week

Human Resources Division organize a week's long event for all staff to meet HR Service providers:

- Kenya Revenue Authority (KRA)
- National Social Security Fund (NSSF)
- National Health Insurance Fund (NHIF)
- Banks and other financial institutions
- Insurance companies; Britam, AAR, Pioneer, ICEA Lions

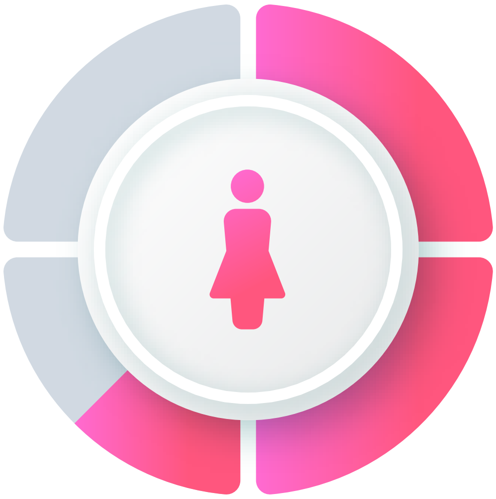
Gender Parity

Being a human right as espoused in the Kenyan constitution, people of all genders have equal rights, responsibilities, and opportunities. To achieve this, the Hospital has ensured realization of one third gender representation in its staff component.
Currently, our gender distribution has 1260 female staff and 715 male staff.

37%

Male Staff

715



63%

Female Staff

1,260

Hospital Under Construction 1954

Celebrating 70 Years of Healthcare with a difference

Mammogram
is an imaging and diagnosis machine used to examine breast and to check for breast cancer

OPERATING STATISTICS

	2023	2022	Percentage change
MEMBERSHIP			
KHA members	2,515	2,379	6%
	======	======	=====
HOSPITAL SERVICES			
Beds available	329	329	0%
Eastwing-UN TNH Hospital	135	135	0%
Patients admitted	15,983	14,673	9%
Bed occupancy-MH	66%	65%	1%
Bed occpancy-Eastwing	-	-	-
Total in-patient days	78,513	78,564	0%
Average length of stay	5 days	5 days	
Overall Out-patient totals	153,040	155,154	-1%
	======	======	=====
Operations performed			
Main theatre			
Major operations	5,231	4,861	8%
Minor Operations	817	803	2%
	--------	--------	------
Total	6,048	5,664	7%
	--------	--------	-----
Labour ward theatre			
Major operations	1,198	1,237	-3%
Minor Operations	394	278	42%
	--------	--------	-----
Total	1,592	1,515	5%
	--------	--------	-----
Day Surgery			
Total DSU Operations	1,734	1,599	8%
	--------	--------	-----
Details			
Births	2,525	2,917	-13%
Laboratory tests	640,590	620,622	3%
Radiology services	77,244	74,830	3%
Renal Unit Services	9,773	13,654	-28%
Endoscopy	7,330	6,523	12%
Rehabilitation services	59,093	71,162	-17%
Pharmacy prescriptions	557,012	523,385	6%
Oncology	17,358	17,657	-2%
	=======	=======	=====

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 "Company" "Hospital") for the year ended 31 December 2023, in accordance with the Kenyan Companies Act, 2015, which disclose the situation of the Company.

INCORPORATION

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Financial Performance

The surplus for the year of Sh 191 million has been transferred to the operating fund. The surplus position is primarily from the additional theatres impacting admissions moving up by 9% with its ripple effect felt in Pharmacy and laboratory all above prior year by 6% and 3% respectively. The United Nations Nairobi Hospital wing is still not in operation. In 2024, the same is being repurposed for other use. Our debtor's collection efficiency has been addressed with our 2023 collections amounting to Sh 13 billion exceeding operating revenue.

The business recorded an increase on its revenue of 11% to Sh 12.2 billion from Sh 11.0 billion the previous year. This was amid a generally depressed macro environment and an equally challenging internal business environment especially for the 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 Company is exposed to include:

i. **Regulatory Risk:** The healthcare industry is highly regulated, and the Hospital is subject to various laws and regulations, including those related to billing, privacy, and patient safety. Failure to comply with these laws and regulations may result in legal and financial penalties, as well as reputational damage. The Hospital is mitigating this risk by regularly monitoring and ensuring compliance with all applicable laws and regulations.

ii. **Strategic Risk:** The Hospital's strategic decisions can significantly impact its operations, financial performance, and reputation. Strategic risks include failure to adapt to changing market conditions, ineffective resource allocation, and poor decision-making. The Hospital manages this risk by implementing a strategic planning process, conducting regular reviews of its strategy, and monitoring its performance.

iii. **Financial Risk:** The Hospital is exposed to financial risks, including interest rate risk, foreign exchange risk, liquidity risk and supply chain disruption. The Hospital manages this risk by implementing financial risk management policies, monitoring cash flow, and diversifying its funding sources.

iv. **Credit Risk:** The Hospital is exposed to credit risk, which is the risk that patients, insurers, and other payers will default on their payment obligations. This risk is managed by setting credit limits, verifying the patient's insurance status before treatment, having deposits for cash payers, and monitoring the payment history of payers.

v. **Competition Risk**: The Hospital faces competition from other healthcare providers in the region. This competition can impact the Hospital's revenue and market share. The Hospital is mitigating this risk by implementing a patient-centric approach, providing high-quality care, and offering specialized services.

REPORT OF THE BOARD OF MANAGEMENT (Continued)

vi. **Cybersecurity Risk**: The Hospital collects and stores sensitive patient data, making it vulnerable to cyber-attacks. A breach of patient data can result in reputational damage, legal action, and financial penalties. The Hospital is mitigating this risk by implementing robust cybersecurity measures, including regular security audits, employee training, and data encryption.

vii. **Reputational Risk**: The Hospital's reputation is a critical asset that can be damaged by negative publicity or patient complaints. The Hospital mitigates this risk by implementing quality management programs, ensuring compliance with regulatory standards, and investing in staff training and development.

viii. **Personnel risk:** The Hospital continues to face heightened turnover rates among clinical staff, which could negatively impact the Hospital's operations. To mitigate this risk, the Hospital has leveraged its nursing school. By recruiting graduates of the school who are already familiar with the Hospital's culture, it may be easier for them to seamlessly integrate into their roles. The Hospital also focuses on recruitment, training, and retention efforts, as well as ensuring compliance with labor laws and regulations, and providing a safe and healthy workplace.

ix. **Legal Risk:** The Hospital is exposed to legal risks, including malpractice claims, breach of contract claims, and employment-related claims. The Hospital manages this risk by implementing risk management policies, obtaining appropriate insurance coverage, and ensuring compliance with legal requirements.

x. **Pandemic Risks:** The Hospital is exposed to the risk of pandemics, which could lead to a surge in patient demand, staffing shortages, and supply chain disruptions. To mitigate this risk, the Hospital has implemented a pandemic response plan that includes surge capacity planning, staff training, and supply chain management.

xi. **Environmental Risk:** The Hospital's operations can impact the environment, including waste management, energy consumption, and carbon emissions. The Hospital manages this risk by implementing environmental policies, promoting sustainable practices, and complying with environmental regulations.

Future outlook

The Hospital's focus continues to be on quality patient care, which continues to be 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 as well.

REPORT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT

The present members of the Board of Management are listed on page 6.

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 Company's auditors are unaware; and
- The Board Member has taken all the steps that he/she ought to have taken as a Board Member in order to make himself/herself aware of any relevant audit information and to establish that the Company'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 approves the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD

Gilbert Nyamweya Omoke
Company Secretary
26th June 2024

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 Company 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 Company maintains proper accounting records that are sufficient to show and explain the transactions of the Company and disclose, with reasonable accuracy, the financial position of the Company. The Board of Management is also responsible for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

The Company's Board of Management accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Kenyan Companies Act, 2015. It also accepts 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 assessed the Company'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 Company's ability to continue as a going concern.

The Company's Board of Management acknowledges that the independent audit of the financial statements does not relieve it of its responsibilities.

Approved by the Company's Board of Management on 26th June 2024 and signed on its behalf by

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Hon. Dr. Chris M. N. Bichage, PhD	**Mr. Philemon Mwaisaka, EBS, SS**
Chairman, Board of Management	**Vice Chairman, Board of Management**

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KENYA HOSPITAL ASSOCIATION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kenya Hospital Association (the 'Company'), set out on pages 84 to 120, which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure, statement of changes in fund balances and the statement of cash flows for the year then ended, and a summary of material 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 2023 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 Chairman'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 determines 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KENYA HOSPITAL ASSOCIATION (Continued)

Report on the Audit of the Financial Statements (Continued)

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 pages 78 to 80 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is

CPA Fred Aloo, Practicing certificate No. 1537

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi
6th August 2024

STATEMENT OF INCOME AND EXPENDITURE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 Sh'000	2022 Sh'000
INCOME			
Operating revenue	4	11,606,402	10,301,466
Finance income	5 (a)	270,291	268,197
Other income	6	334,724	430,977
TOTAL INCOME		12,211,417	11,000,640
EXPENSES			
Direct expenses	7 (a)	(8,860,453)	(8,500,775)
Other operating expenses	7 (b)	(3,191,039)	(3,224,376)
Expected credit losses	7 (c)	97,827	236,317
Net foreign exchange loss	5 (b)	(25,126)	(26,969)
Interest on lease liabilities	5 (c)	(41,907)	(49,516)
TOTAL EXPENSES		(12,020,698)	(11,565,319)
SURPLUS/(DEFICIT) FOR THE YEAR		**190,719**	**(564,679)**

STATEMENT OF FINANCIAL POSITION AS AT 31DECEMBER 2023

	Note	31-Dec-23 Sh'000	31-Dec-22 Sh'000
ASSETS			
Non-current assets			
Property and equipment	10	11,387,325	10,509,589
Intangible assets	11	49,406	54,855
Right-of-use asset	12	278,201	300,444
		11,714,932	10,864,888
Current assets			
Inventories	13	919,685	736,134
Trade and other receivables	14	1,840,444	1,356,034
Fixed deposits	15(d)	1,146,033	1,391,497
Treasury Bonds	16	1,179,574	1,191,388
Cash and bank balances	15(b)	69,312	255,173
		5,155,048	4,930,226
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	233,186	267,168
Deferred income	20	382,936	417,640
		616,122	684,808
Current liabilities			
Lease liabilities	17	146,164	141,829
Trade and other payables	18(a)	3,011,031	2,396,412
Bank overdraft	15(c)	310,122	-
Premium finance	18(b)	344,608	317,605
Deferred income	20	61,467	64,713
		3,873,392	2,920,559
Net assets		12,380,466	12,189,747
Fund balances			
Operating fund		993,141	1,680,158
Capital investment fund	19	11,387,325	10,509,589
Total funds		12,380,466	12,189,747

The financial statements on pages 84 to 120 were approved and authorized for issue by the Board of Management on 26th June 2024 and were signed on its behalf by:

Hon. Dr. Chris M. N. Bichage, PhD
Chairman, Board of Management

Mr. Philemon Mwaisaka, EBS, SS
Vice Chairman, Board of Management

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Operating fund	Capital Investment fund*	Total
	Sh'000	Sh'000	Sh'000
At 1 January 2022	1,945,236	10,809,190	12,754,426
Transfers to capital investment fund	299,601	(299,601)	-
Deficit for the year	(564,679)	-	(564,679)
At 31 December 2022	1,680,158	10,509,589	12,189,747
At 1 January 2023	1,680,158	10,509,589	12,189,747
Transfers to capital investment fund	(877,736)	877,736	-
Surplus for the year	190,719	-	190,719
At 31 December 2023	993,141	11,387,325	12,380,466

* The capital investment fund represents the Company's net investment in property and equipment and as disclosed in note 19 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. The fund is not distributable as dividends, the Company uses the fund to invest in property and equipment.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 Sh'000	2022 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		190,719	(564,679)
Adjustments	15 (a)	779,228	811,286
Changes in working capital	15 (a)	(91,294)	406,699
Interest income received		258,181	268,197
		---------	--------
Net cashflow from operating activities		1,136,834	921,503
Purchase of property and equipment	10	(1,740,282)	(612,522)
Purchase of intangible assets	11	(6,557)	-
Proceeds of disposal of property and equipment		4,445	2,093
Purchase of treasury bonds	16	-	(856,179)
		--------	--------
Net cash used in investing activities		(1,742,394)	(1,466,608)
Payment of lease liability	17	(142,143)	(134,769)
Insurance premium financing	18 (b)	27,003	317,605
		--------	--------
Net cash outflow from financing activities		(115,140)	182,836
		--------	--------
DECREASE IN CASH AND CASH EQUIVALENTS		(720,700)	(362,269)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,646,670	2,005,515
Effect of exchange rate differences on cash and cash equivalents		(20,747)	3,424
		--------	--------
CASH AND CASH EQUIVALENTS AT END OF YEAR	15 (b)	905,223	1,646,670
		=======	=======

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Kenyan Companies Act, 2015.

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 income and expenditure.

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) Application of new and revised IFRSs

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2023

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 material 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.

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 regarding 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.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Application of new and revised IFRSs (Continued)

Amendments to IAS 8 - Definition of Accounting Estimates (Continued)

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

New and Amendments to standards	Effective for annual periods beginning on or after
Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	Annual periods beginning on or after 1 January 2024 with earlier application permitted
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	Annual periods beginning on or after 1 January 2024 with earlier adoption permitted
Amendments to IAS 1 - Non-current Liabilities with Covenants	Annual periods beginning on or after 1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual periods beginning on or after 1 January 2024
IFRS S2 - Climate-related Disclosures	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 - Classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21 - Lack of exchangeability	Annual periods beginning on or after 1 January 2025

Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16.

This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

Amendments to IAS 7

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk.

Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements.

Arrangements that are solely credit enhancements for the entity (for example, financial guarantees including letters of credit used as guarantees) or instruments used to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Application of new and revised IFRSs (Continued)

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Continued)

Amendments to IFRS 7

The amendments include as an additional factor whether the entity has accessed, or has access to, supplier finance arrangements that provide the entity with extended payment terms or the entity's suppliers with early payment terms. The amendments add that concentrations of liquidity risk and market risk may arise from supplier finance arrangements resulting in the entity concentrating with finance providers a portion of its financial liabilities originally owed to suppliers.

Amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB amends IAS 1 to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.

An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months

The amendments are applied retrospectively (applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) and are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term. The standard refers to these risks and opportunities as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards is required to make an explicit and unreserved statement of compliance. An entity is not permitted to describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards; that is:

(i) Conceptual foundation – the usefulness of related financial information is enhanced if the information is comparable, verifiable, timely and understandable.

(ii) Fair presentation - requires disclosure of relevant information about sustainability related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in IFRS S1. To achieve this an entity is required to provide a complete, neutral, and accurate depiction of those sustainability-related risks and opportunities.

(iii) Materiality - Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures, and which provide information about a specific reporting entity.

(iv) Reporting entity and connected information - An entity is required to provide information in a manner that enables users of general purpose financial reports to understand:

- The connections between the items to which the information relates - such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Application of new and revised IFRSs (Continued)

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Continued)
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (Continued)

- The connections between disclosures provided by the entity-Within its sustainability related financial disclosures such as connections between disclosures on governance, strategy, risk management, and metrics and targets or: across its sustainability-related financial disclosures and other general purpose financial reports published by the entity such as its related financial statements and an entity is required to identify the financial statements to which the sustainability-related financial disclosures relate.

(i) Core content- An entity is required to make disclosures about:
Governance - the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities

Strategy - the approach the entity uses to manage sustainability-related risks and opportunities, including:

- Business model and value chain
- Strategy and decision making
- Financial position, financial performance and cash flows
- Resilience of the entity's strategy and its business model

Risk management - the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities
Metrics and targets - the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set, or is required to meet by law or regulation

Amendments to IAS 1 - Classification of liabilities as current or non-current

The amendment was to clarify the classification criteria for liabilities as current or non-current. The most significant changes are listed below.

(ii) A clarification has been added to both IAS 1:69 and 73 to emphasise that for a liability to be classified as non-current, the entity's right to defer settlement must exist 'at the end of the reporting period'. This was previously illustrated in the examples but not explicitly stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

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

Amendments to IAS 1 - Classification of liabilities as current or non-current (continued)

(i) The IASB specifies that for a liability to be non-current an assessment is required of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. The reference to an entity's expectations in IAS 1:73 has been deleted and a new paragraph has been added to state explicitly that classification is unaffected by management intentions or expectations.

(ii) The word 'unconditional' has been removed from IAS 1:69 and a new paragraph has been added to clarify that if the right to defer settlement is conditional on the compliance with covenants the right exists if the conditions are met at the end of the reporting period, even it the lender does not test compliance until a later date.

(iii) A definition of the word 'settlement' has been added that states "For the purpose of classifying a liability as current or noncurrent, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability." This transfer could be of cash, goods and services or the entity's own equity instruments.

(iv) The IASB also clarifies the scope of when counterparty conversion options affect classification as current or non-current. Applying the amendment, if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current if the entity recognizes the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

Amendments to IAS 21 - Lack of exchangeability

The IASB has published amendments to IAS 21 that specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

Applying the amendments, a currency is exchangeable when an entity is able to exchange that currency for the other currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. However, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Early adoption of standards

The Company did not early-adopt any new or amended standards in the year ended 31 December 2023.

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 when the services are provided to the members.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

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

Revenue recognition (continued)

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.

Interest income is recognized on a time proportion basis using the effective interest rate method.

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	12.5%
Medical equipment	20%
Computer equipment and motor vehicles	25.5%

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 considered in determining surplus or deficit for the year.

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

Intangible assets

Intangible 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 Company as a lessee

The 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
- Payment 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.

Intangible assets (Continued)
Leases (Continued)

(a) The Company as a 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 contracts 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 a 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. Financial assets and financial liabilities are recognized in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial instruments (continued)

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial instruments

All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost; debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). The company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

Despite the foregoing, the company may make the following irrevocable election/designation at initial recognition of a financial asset: the company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and the company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at Fair Value through Other Comprehensive Income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item in profit or loss.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, short term loans and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
The Company recognizes lifetime ECL for trade receivables, short term loans, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forwardlooking information that is available without undue cost or effort.

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 considering 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 writes-off debt only when there is objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial assets

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 forwardlooking information as described above.
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.

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 the income statement.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)
Financial assets (Continued)
Impairment of financial assets (Continued)

(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 writes off debt only when their objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

(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 forwardlooking 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial liabilities (Continued)

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 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.

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 limited to specific contributions legislated from time to time. 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.

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 Company'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.

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. 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 loss 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 bond.

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 creditimpaired 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 has applied a discount rate to each lease that was determined by taking into account the risk free rate, adjusted for factors such as credit rating linked to the life of the underlying asset.

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 or not 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 basis and arises from cash and cash equivalents, deposits with banks, as well as trade receivables. Management assesses the credit quality of each customer, considering 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 2023 is made up as follows:

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount	Loss allowance	Net amount
				Sh'000	Sh'000	Sh'000
31-Dec-23						
Trade receivables	14	Performing	Lifetime ECL (simplified approach)	2,559,387	(1,428,162)	1,131,225
Doctors' fees prepayment	14	Doubtful	Lifetime ECL (simplified approach)	314,878	(308,775)	6,103
Bank balances	15(b)	Ba, Baa	12 months ECL	69,757	(1,095)	68,662
Treasury Bond	16	Ba, Baa	12 months ECL	1,216,491	(36,917)	1,179,574
Fixed deposits	15(d)	Ba, Baa	12 months ECL	1,166,211	(20,178)	1,146,033
				5,326,724	(1,795,127)	3,531,597
31-Dec-22						
Trade receivables	14	Performing	Lifetime ECL (simplified approach)	2,258,727	(1,536,257)	722,470
Doctors' fees prepayment	14	Doubtful	Lifetime ECL (simplified approach)	318,439	(308,775)	9,664
Bank balances	15(b)	Ba, Baa	12 months ECL	259,048	(4,525)	254,523
Treasury Bond	16	Ba, Baa	12 months ECL	1,216,491	(25,103)	1,191,388
Fixed deposits	15(d)	Ba, Baa	12 months ECL	1,409,791	(18,294)	1,391,497
				5,462,496	(1,892,954)	3,569,542

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 2023 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Company has identified the Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at 31 December 2023 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 2023					
Expected loss rate	17%	40%	85%	100%	62%
Gross carrying amount -Trade Receivables (Sh'000)	942,631	319,218	102,295	1,195,243	2,559,387
Security/Cash deposits					
Exposure at default (Sh'000)	942,631	319,218	102,295	1,195,243	2,559,387
	--------	--------	--------	--------	----------
Loss allowance (Sh'000)	158,379	126,603	86,842	1,056,338	1,428,162
	======	======	======	======	========
As at 31 December 2022					
Expected loss rate	25%	42%	96%	104%	68%
Gross carrying amount -Trade Receivables (Sh'000)	545,222	149,760	65,010	1,498,736	2,258,727
Security/Cash deposits					
Exposure at default (Sh'000)	545,222	149,760	65,010	1,498,736	2,258,727
	--------	---------	----------	----------	----------
Loss allowance (Sh'000)	135,856	62,262	62,475	1,275,664	1,536,257
	======	=======	========	========	========

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 Kes 308,775. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

	More than 90 days past due	Total
As at 31 December 2023		
Expected loss rate	100%	100%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	314,878	314,878
Exposure at default (Sh'000)	314,878	314,878
Loss allowance (Sh'000)	308,775	308,775
As at 31 December 2022		
Expected loss rate	100%	97%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	318,439	318,439
Exposure at default (Sh'000)	318,439	318,439
Loss allowance (Sh'000)	308,775	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	GBP	EURO
	Usd'000	Gbp'000	Euro'000
2023			
Bank and cash balances	213	1	1
Trade payables	(620)	-	(80)
Net position	(407)	1	79
2022			
Bank and cash balances	102	1	18
Trade payables	(642)	-	(15)
Net position	(540)	1	3

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (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.

	2023	2023	2022	2022
	Effect on surplus/loss	Effect on operating fund	Effect on surplus/loss	Effect on operating fund
Currency- US dollars				
+ 5 percentage point movement	65	336	(191)	569
-5 percentage point movement	(58)	(304)	1	(3)
	======	======	======	======
Currency-GB Pounds				
+ 5 percentage point movement	51	265	(151)	449
-5 percentage point movement	(46)	(240)	1	(2)
	======	======	======	======
Currency-Euro				
+ 5 percentage point movement	59	306	(174)	518
-5 percentage point movement	(53)	(277)	1	(3)
	======	======	======	======

(ii) Interest rate risk management

Financial assets and liabilities obtained at different rates expose the company to interest rates risks. The Company invests in fixed deposits whose rates are not variable. It also has investments in bonds carried at amortized costs hence hedging against fair value risk. The company has a bank overdraft and Insurance Premium Financing. As at 31 December 2023, a 1 percentage point increase/ decrease in average borrowing rate for bank loans would have resulted in an increase/ decrease in surplus for the year by Shs 6,547,300 (2022: Shs 3,176,050).

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 banking facilities as well as through continuous monitoring of forecast and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

The table below provides a contractual maturity analysis of the Company's liabilities:

	6 months or on demand	Between 6 months and 1 year	More than 1 year	Total
As at 31 December 2023	Sh'000	Sh'000	Sh'000	Sh'000
Trade payables	2,416,264	-	-	2,416,264
Bank overdraft	310,122	-	-	310,122
Insurance premium financing	344,608			344,608
Lease liabilities	73,082	73,082	316,676	462,840
	3,144,076	73,082	316,676	3,533,834
As at 31 December 2022				
Trade payables	1,683,132	-	-	1,683,132
Insurance premium financing	317,605	-	-	317,605
Lease liabilities	70,914	70,914	365,896	507,724
	2,071,651	70,914	365,896	2,508,461

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 to reduce the cost of capital. 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 Company ensures that funds are available for capital developments by monitoring overdraft and insurance premium. Fund balances comprise operating fund and capital investment fund. During 2023, the company's strategy, which was unchanged from 2022, was to maintain a low gearing ratio.

4 OPERATING REVENUE

	2023	2022
	Sh '000	Sh '000
Medicine & drugs	3,672,965	3,052,111
In-patient bed Fees	1,589,832	1,441,194
Laboratory	2,286,854	2,082,799
Radiology	782,971	748,136
Surgical	964,380	1,152,059
Theatre	716,580	340,475
Dental services	5,429	-
Accident & emergency	844,420	732,029
Physical medicine	307,477	305,442
Endoscopy & oxygen	274,232	296,318
Cancer care & treatment	195,882	183,559
	11,641,022	10,334,122
Less: Patient discounts	(34,620)	(32,656)
Total operating revenue	11,606,402	10,301,466

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 (a) FINANCE INCOME

	2023	2022
	Sh '000	Sh '000
Interest income earned on bank deposits - held to maturity	266,531	250,666
Interest income earned on the current accounts	3,760	17,531
	--------	--------
	270,291	268,197
	=======	=======

Interest income has been calculated using the Effective Interest Method.

(b) NET FOREIGN EXCHANGE LOSS/(GAIN)

Foreign exchange gain	(65,219)	(9,333)
Foreign exchange loss	90,345	36,302
	--------	--------
	25,126	26,969
	=======	=======

(c) INTEREST ON LEASE LIABILITIES

Interest on lease liabilities (note 17)	41,906	49,516
	=======	=======

6 OTHER INCOME

Rent	50,398	49,881
Miscellaneous income*	66,228	197,881
Laundry income	29,333	15,985
Parking income	16,277	14,672
Convention Centre Income	10,635	12,243
Bad debt recovery income	173	1,042
Health & Fitness centre income	4,504	1,830
Commission on doctors' fees**	14,939	14,911
Prompt payment income	378	4,011
Student fees – Nursing School	99,989	79,244
KHA members' subscriptions	9,450	11,116
Staff canteen sales	32,420	28,161
	--------	--------
	334,724	430,977
	=======	=======

* Miscellaneous income is derived from tender fees, sale of empty containers, boxes and jerry cans, and requests for medical reports.

**Commission on doctors' fees represents a 1% administration fee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 EXPENSES

(a) Direct expenses

	2023	2022
	Sh '000	Sh '000
Staff costs (note 9)	3,336,997	3,056,371
Medicine	2,184,979	1,896,947
Surgical material	926,238	1,064,789
Depreciation on right of use asset (note 12)	92,833	92,261
Laboratory Material	515,246	587,706
X-ray & CT Scan material	43,923	47,983
Cathlab materials	38,615	28,472
Oxygen	4,747	8,502
Depreciation of property and equipment	708,150	647,859
Water, light & fuel	243,181	197,213
Impairment of assets	-	104,555
Repairs & maintenance	307,564	317,509
Catering & foodstuffs	197,133	198,025
Rent and rates	39,850	21,960
Cleaning services	93,702	71,326
Printing & stationery	83,515	120,892
Linen & laundry	27,349	19,681
Amortization of intangible assets	16,431	18,724
	---------	---------
	8,860,453	8,500,775
	========	========

Other operating expenses

Staff costs (note 9)	1,605,575	1,455,884
Directors remuneration	62,672	72,073
Depreciation	145,043	132,650
Repairs & renewals	99,148	98,342
General expenses	121,309	159,360
Water, light & fuel	162,121	131,476
Marketing & promotion	68,820	68,718
Catering & foodstuffs	76,663	77,010
Legal & professional	390,426	585,803
Printing & stationery	55,677	80,595
Cleaning services	62,468	47,551
Telephone & postage	13,087	13,285
Security charges	77,249	77,583
Insurance	40,858	41,061
Amortization of intangible assets	3,365	3,835
Bank charges	37,851	27,042
Audit fees	8,807	9,365
Credit card charges	35,464	26,507
(Gain)/loss on disposal of assets	(2,883)	2,712

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 EXPENSES (Contiued)

(a) Direct expenses

	2023	2022
	Sh '000	Sh '000
Rent & rates	4,428	2,440
Transport	19,222	16,285
License fees	73,067	72,256
Accreditation expense	4,137	5,191
Discounts allowed	8,987	-
Strategy implementation expenses	17,478	17,352
	---------	---------
	3,191,039	3,224,376
	========	========

(b) Expected credit losses

	2023	2022
	Sh '000	Sh '000
Expected credit loss allowance on receivables (note 14(b))*	(108,095)	(253,421)
Expected credit loss allowance on bank deposits (note 15(d))	1,884	(7,176)
Expected credit loss allowance on Treasury Bonds (note 16)	11,814	20,213
Expected credit loss allowance on bank balances (note 15(d))	(3,430)	4,067
	---------	---------
	(97,827)	(236,317)
	========	========

8 SURPLUS/ (DEFICIT) OR THE YEAR

The surplus/(deficit) for the year is arrived at after charging:

	2023	2022
	Sh '000	Sh '000
Staff costs (note 9)	4,942,572	4,512,255
Depreciation on property and equipment (note 10)	853,193	780,509
Amortization of computer software (note 11)	19,797	22,559
Audit fees	8,807	9,365
(Gain)/loss on disposal of assets	(2,883)	2,712
Expected credit losses (note 7c)	(97,827)	(236,317)
Depreciation on right of use asset (note 12)	92,833	92,261
Board of management remuneration (note 22)	62,672	72,073
Interest on lease liability (note 17)	41,907	49,516
	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 STAFF COSTS

	2023	2022
	Sh '000	Sh '000
Salaries & wages	3,865,230	3,698,040
Retirement benefits - defined contribution scheme**	430,002	307,907
staff medical	494,948	400,892
Staff welfare	4,580	7,282
Staff training	48,409	53,624
Staff uniforms	17,052	899
Group life & personal accident cover	58,161	37,253
Staff recruitment	1,167	1,817
Social security contributions	23,023	4,541
	4,942,572	4,512,255
Classified as follows:		
Direct Expenses - note 7(a)	3,336,997	3,056,371
Operating expenses - 7(b)	1,605,575	1,455,884
	4,942,572	4,512,255

** Retirement benefits include staff gratuity payments and affordable housing costs.
*Impairment write back on account of reduced exposure on balances held at the end of 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Medical equipment	Furniture, fittings, and other equipment	Computers	Motor vehicles	Capital Work in Progress	Total
	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000
At 1 January 2022	8,850,205	708,338	4,197,926	2,286,482	535,641	73,861	945,735	17,598,188
Additions	-	-	244,282	29,259	23,131	15,323	300,527	612,522
Transfers from WIP	175,919	-	-	13,189	-	-	(200,104)	(10,996)
Transfer to software	-	-	-	-	-	-	(11,670)	(11,670)
Disposals	-	-	(47,227)	-	-	-	-	(47,227)
Write offs	-	-	-	-	-	-	(104,555)	(104,555)
At 31 December 2022	9,026,124	708,338	4,394,981	2,328,930	558,772	89,184	929,933	18,036,262
At 1 January 2023	9,026,124	708,338	4,394,981	2,328,930	558,772	89,184	929,933	18,036,262
Additions	78,995	-	948,941	32,520	34,586	-	645,240	1,740,282
Transfers from WIP	460,256	15,140	-	41,780	-	-	(517,176)	-
Transfer to software	-	-	-	-	-	-	(7,791)	(7,791)
Disposals	-	-	-	(120)	(176)	(10,765)	-	(11,061)
At 31 December 2023	9,565,375	723,478	5,343,922	2,403,110	593,182	78,419	1,050,206	19,757,692

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 PROPERTY AND EQUIPMENT (Continued)

	Buildings	Leasehold improvements	Medical equipment	Furniture, fittings and other equipment	Computers	Motor vehicles	Capital Work in Progress	Total
DEPRECIATION	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000	Sh '000
At 1 January 2022	1,605,842	483,949	2,913,377	1,322,158	401,803	61,869	-	6,788,998
Charge for the year	279,105	53,538	281,402	125,782	35,690	4,993	-	780,509
Disposals	-	-	(42,834)	-	-	-	-	(42,834)
At 31 December 2022	1,884,947	537,487	3,151,945	1,447,940	437,493	66,862	-	7,526,673
At 1 January 2023	1,884,947	537,487	3,151,945	1,447,940	437,493	66,862	-	7,526,673
Charge for the year	289,775	52,913	355,375	113,939	35,578	5,613	-	853,193
Disposals	-	-	-	(25)	(67)	(9,408)	-	(9,499)
At 31 December 2023	2,174,722	590,400	3,507,320	1,561,854	473,004	63,067	-	8,370,367
NET BOOK VALUE								
As at 31 December 2023	7,390,653	133,078	1,836,602	841,256	120,178	15,352	1,050,206	11,387,325
As at 31 December 2022	7,141,178	170,851	1,243,036	880,990	121,280	22,321	929,933	10,509,589

The Company owns parcels of leasehold land represented by L.R No. 209/4209/2 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 respective. 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.

11 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2023	2022
	Sh '000	Sh '000
COST		
At 1 January	298,066	286,396
Additions	6,557	-
Transfers from property and equipment (note 10)	7,791	11,670
At December	312,414	298,066
AMORTISATION		
At 1 January	243,211	220,652
Charge for the year	19,797	22,559
At 31 December	263,008	243,211
NET BOOK VALUE		
At end of year	49,406	54,855

12 RIGHT OF USE ASSET

	2023	2022
COST		
At 1 January	674,761	675,471
Additions	70,590	-
Disposals	-	(710)
	745,351	674,761
DEPRECIATION		
At 1 January	374,317	282,056
Charge for the period	92,833	92,261
Disposal	-	-
At 31 December	467,150	374,317
At 31 December	278,201	300,444
NET BOOK VALUE		
At 31 December	278,201	300,444

The Company leases office space. Information about the leases in which the Company is a lessee is presented below. The additional leased relates to Southfield lease renewed from September 2023.

The buildings average remaining lease term is 4 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 income statement are as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 RIGHT OF USE ASSET(Continued)

	2023	2022
	Sh '000	Sh '000
Depreciation on right of use asset	92,833	92,261
Interest on lease liabilities	41,907	49,516
Service charge expenses	24,535	22,137
Cash outflow for leases	(142,143)	(134,769)
	=======	=======

13 INVENTORIES

Pharmaceutical drugs and medicine	384,578	276,569
Surgical consumables	286,059	242,411
Laboratory materials	135,887	115,046
Other stores	92,106	89,805
Food and drinks	21,055	12,303
	---------	---------
	919,685	736,134
	========	========

14 TRADE AND OTHER RECEIVABLES

(a) Analysis of trade and other receivables

Patient fees receivable	2,559,387	2,258,727
Other receivables	288,933	246,807
Prepayments-Others	414,183	377,093
Prepayments-Doctors	314,878	318,439
Expected credit loss allowance-patient fees receivable	(1,428,162)	(1,536,257)
Expected credit loss allowance-doctors prepayment	(308,775)	(308,775)
	----------	----------
Net trade & other receivables	1,840,444	1,356,034
	=========	=========

(b) Movement in expected credit loss allowance accounts

At 1 January	1,845,032	2,152,983
Provisions write back during the year (note 7(c))	(108,095)	(253,421)
Write back	-	(54,530)
	----------	----------
At 31 December	1,736,937	1,845,032
	=========	=========
Expected credit loss allowance-patient fees receivable	1,428,162	1,536,257
Expected credit loss allowance-doctors prepayment	308,775	308,775
	----------	----------
At 31 December	1,736,937	1,845,032
	=========	=========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 NOTES TO THE STATEMENT OF CASH FLOWS

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

	Note	2023 Sh '000	2022 Sh '000
Deficit for the year		190,719	(564,679)
Adjustments for:			
Effect of forex differences on cash balances		20,747	(3,424)
Depreciation on property, plant & equipment	10	853,193	780,509
Depreciation on right of use asset	12	92,833	92,261
Amortization of intangible assets	11	19,797	22,559
Loss on disposal of equipment		(2,883)	2,298
Loss on write-off of assets	7(a)	-	104,555
Impairment charge on Treasury Bond	16	11,814	20,213
Interest in lease liability	17	41,906	49,516
Work in progress expense	10	-	10,996
Interest income	5(a)	(258,179)	(268,197)
Total adjustments		779,228	811,286
Working capital changes:			
(Increase)/decrease in inventories		(183,551)	239,214
(Increase)/decrease in trade and other receivables		(484,411)	121,801
Increase in trade and other payables		576,668	45,683
Total changes in working capital		(91,294)	406,698
Cash generated from operations		878,653	653,305

(b) Analysis of cash and cash equivalents:

	2023	2022
Cash at hand	650	650
Bank balances	68,662	254,523
Cash and bank balances	69,312	255,173
Bank overdraft (note 15 (c))	(310,122)	-
Fixed deposits (note 15(d))	1,146,033	1,391,497
	905,223	1,646,670

(a) Bank Overdraft & Insurance premium financing

	2023	2022
Bank Overdraft (note 15(b))	(310,122)	-
Insurance premium financing (note 18(b))	(344,608)	(317,605)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Fixed deposit maturity details were as follows:

	2023	2022
	Sh '000	Sh '000
Fixed deposits maturity details		
Maturing within three months	1,166,211	1,409,791
Provision for expected credit losses	(20,178)	(18,294)
	--------	--------
	1,146,033	1,391,497
	========	========
Expected credit losses on fixed deposits		
At 1 January	18,294	25,470
Increase/(decrease) in expected credit losses	1,884	(7,176)
	--------	--------
At 31 December	20,178	18,294
	========	========

The short-term deposits are held with local financial institutions. The weighted average effective interest rate on the deposits as at 31 December 2023 was 8.68%, (2022 – 8.78%). The Government Infrastructure bonds are for an expected tenure of 20 years at an interest rate of 13.44%.

(d) Expected Credit Losses movement on bank balances

	2023	2022
	Sh '000	Sh '000
At 1 January	4,525	458
(Decrease)/increase in expected credit losses	(3,430)	4,067
	--------	--------
At 31 December	1,095	4,525
	========	========

16 TREASURY BONDS

At 1 January	1,216,491	360,312
Additions	-	856,179
	--------	--------
At December	1,216,491	1,216,491
	--------	--------
Expected credit losses		
At 1 January	25,103	4,890
Charge for the year	11,814	20,213
	--------	--------
At 31 December	36,917	25,103
	--------	--------
Net Book Value	1,179,574	1,191,388
	========	========

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 LEASE LIABILITIES

The movement in the lease liabilities is as follows:

	2023	2022
	Sh '000	Sh '000
At 31 December	408,997	494,960
Additions	70,590	-
Disposals	-	(710)
Interest on lease liabilities	41,906	49,516
Lease payments	(142,143)	(134,769)
At 31 December	379,350	408,997
Amounts due for settlement within 12 months	146,164	141,829
Amounts due for settlement after 12 months	233,186	267,168
	379,350	408,997

Maturity Analysis for lease liability plus interest

Year 1	146,164	141,829
Year 2	128,819	128,955
Year 3	78,220	114,001
Year 4	109,637	62,865
Year 5	-	60,074
	462,840	507,724
Less: Unearned Interest	83,490	98,727
Net Lease liability	379,350	408,997

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's finance function. All lease obligations are denominated in Kenya Shillings.

18 TRADE AND OTHER PAYABLES

	2023	2022
	Sh '000	Sh '000
(a) Trade and Other payables		
Trade payables	2,416,264	1,683,132
Corporate deposits	85,335	84,835
Other payables	156,474	252,056
Accrued expenses	337,130	373,894
UN-TNH Obligations	15,828	2,495
	3,011,031	2,396,412

Financing relates to funding from Stanbic Bank to cater for all Insurance categories.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 TRADE AND OTHER PAYABLES (Continued)

b) Insurance premium finance

	2023	2022
	Sh '000	Sh '000
At 1 January	317,605	-
Additions	572,840	443,381
Payments	(545,837)	(125,776)
	--------	--------
At 31 December	344,608	317,605
	========	========

Insurance premium financing of Sh. 572 million was obtained from Stanbic bank at a rate of 4% for a period of 10 months to cover the hospital insurance needs both staff and property. No security is attached to the facility.

19 CAPITAL INVESTMENT FUND

	2023	2022
	Sh '000	Sh '000
At 1st January	10,509,589	10,809,190
Transfer from operating fund	877,736	(299,601)
	--------	--------
At 31st December	11,387,325	10,509,589
	========	========
Represented by net book value of property and equipment (note 10)	11,387,325	10,509,589
	========	========

20 DEFERRED INCOME

At the beginning of the year	482,353	547,067
Received during the year	23,517	-
Amortization for the year	(61,467)	(64,714)
	--------	--------
At the end of the year	444,403	482,353
	=======	=======
Deferred income will be amortized as follows:		
Within 1 year	61,467	64,713
	--------	--------
Within 2 and 5 years	184,398	129,427
After 5 years	198,538	288,213
	--------	--------
	382,936	417,640
	--------	--------
	444,403	482,353
	=======	=======

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

	2023	2022
	Sh '000	Sh '000
Board of management	62,672	72,073
Senior management	259,545	182,118
	--------	--------
	322,217	254,191
	=======	=======

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:

	2023	2022
	Sh '000	Sh '000
Receivable within one year	85,411	79,511
Receivable between two and five years	256,233	238,534
	--------	--------
	341,644	318,045
	=======	=======

During the year Sh 50,397,389 (2022: Sh 49,881,130) was recognized as rental income in the statement of income and expenditure.

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.

	2023	2022
	Sh '000	Sh '000
Authorized and contracted for	1,306,866	993,790
Authorized but not contracted for	1,057,758	413,286
	========	========

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 COMMITMENTS AND CONTINGENCIES (Continued)

b) Contingent liabilities

There are various civil suits filed against the Company by various parties in the normal course of business.

	2023	2022
	Sh '000	Sh '000
Pending lawsuits	408,722	330,859
	=======	=======

The claims have not been provided for in the financial statements. The Company, based on advice received from its legal advisors, is of the opinion that no material claims will crystallize from the pending suits.

As at the reporting date the entity had issued letters of credit, performance bonds and letters of guarantees to various suppliers through NCBA amounting to USD 1,139,507 and Sh 87,146,292 respectively in the ordinary course of business from which the management does not anticipate any material loss.

In the ordinary course of business, on 26 May 2022, the Kenya Revenue Authority (KRA) issued an assessment notice to Kenya Hospital Association under section 31(1) of the Tax Procedures Act 2015. Several meetings were held between the commissioner and the Hospital representatives as part of Alternative Dispute Resolution (ADR). The parties on 23 February 2024 agreed on the following:

a) On Withholding tax on doctors' tax liability for years 2017 to 2020 amounting to principal tax of shs 24.9million. Payments to KRA of Kes 24.97million was made on 25 February 2024 and the matter has been closed.
b) The Hospital's appeal was upheld by the Tax Appeal Tribunal and the matter closed with no penalties accrued to the Hospital. The Company's management considers the case to have been closed.

25 KHA MEMBERSHIP

Membership entry fee for the Kenya Hospital Association is Sh 10,000. The cost of a 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 in full are entitled to discounts and rebates on services received from the hospital determined by the length of time they have been members.

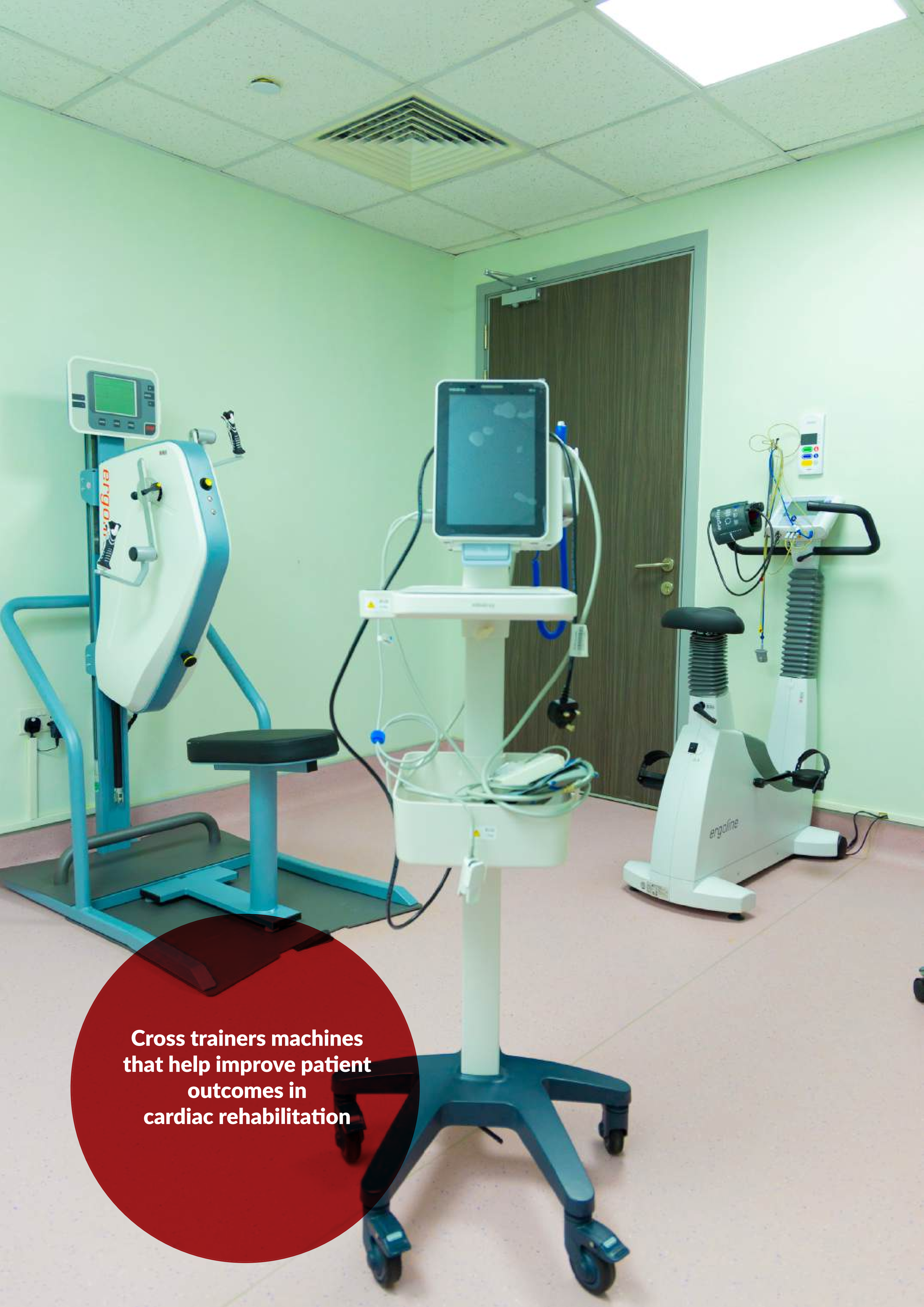
26 CURRENCY

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 after the period end that required adjustment or disclosure in these financial statements.

Staff Health Club at Anderson Centre



Cross trainers machines
that help improve patient
outcomes in
cardiac rehabilitation

PROXY FORM

KENYA HOSPITAL ASSOCIATION

____I,

____of

being a member of the above-named Association hereby appoints

____

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 2024 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 2024

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/ +254 (0)20 2846000
Mobile: +254 (0)703 082000/ +254 (0)730 666000
Email: hosp@nbihosp.org

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