



THE NAIROBI HOSPITAL



2022

Kenya Hospital Association
Annual Report and Financial Statements

Healthcare with a difference!



The Nairobi Hospital



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The Nairobi Hospital has installed a new state-of-the-art Biplane Cath Lab for cardio, neuro, and vascular treatment services which is the first one in East and Central Africa
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MAIN ENTRANCE



CORPORATE INFORMATION

BOARD OF MANAGEMENT

Dr. W. Irungu Ndirangu (Maj Rtd.)	Chairman, Reappointed 22nd December 2022
Hon. Dr. Chris M.N. Bichage, PhD	Vice Chairman, Reappointed 22nd December 2022
Mr. Robert Shaw	Retired 21st December 2022
Mr. Richard Baraza	Retired 25th May 2023
Dr. Jane Kabutu	Retired 14th June 2023
Mrs. Agnes Odhiambo, CBS	Retired 5th April 2023
Dr. David Githanga, MBS	
Dr. Louis Litswa	
Dr. Magdalene Muthoka, PhD	
Mr. Philemon Mwaisaka, EBS, SS	
Mrs. Ludmila Shitakha, HSC	
Mrs. Catherine Kola	Retired 3rd September 2022
Eng. Godfrey Marambe	Retired 23rd September 2022
Hon. Justice (Rtd) Philip Waki, EBS	Elected 21st December 2022
Dr. Joe Kamau, PhD	Co-opted 23rd January 2023
Mr. John Sergon, EBS	Co-opted 23rd January 2023
Mr. Sammy Onyango	Co-opted 23rd January 2023
Dr. Fred Kambuni, MBS	Appointed 25th May 2023
Dr. Gladwell Kiarie	Appointed 14th June 2023

MEDICAL ADVISORY COMMITTEE (MAC)

Dr. Fred Kambuni, MBS	Chairperson
Mr. Richard Baraza	Retired 25th May 2023
Dr. J. C. Munene	Deceased 5th November 2022
Dr. Gladwell Kiarie	
Dr. Caroline Odula-Obonyo	
Dr. Paul Musila	Retired 25th May 2023
Prof. G. W. Jaldesa	
Dr. Agnes Gachoki	
Dr. Luke Musau	Retired 25th May 2023
Dr. Mbira Gikonyo	
Dr. Barclay Onyambu	
Dr. Jane Kabutu	Retired 25th May 2023
Dr. Stephen Muhudhia	Appointed 25th May 2023
Prof. Thomas Chokwe	Appointed 25th May 2023

FINANCE AND INVESTMENT COMMITTEE

Dr. Magdalene Muthoka, PhD	- Chairperson
Hon. Dr. Chris M. N. Bichage, PhD	
Dr. Gladwell Kiarie	
Dr. David Githanga, MBS	
Mr. Sammy Onyango	
Dr. Joe Kamau, PhD	
Mr. John Sergon, EBS	

CORPORATE INFORMATION (CONTINUED)

INFRASTRUCTURE PROJECTS MANAGEMENT COMMITTEE

Hon. Justice (Rtd) Philip Waki, EBS - Chairperson
Dr. Louis Litswa
Mr. Philemon Mwaisaka, EBS, SS
Dr. Fred Kambuni, MBS
Dr. Gladwell Kiarie

AUDIT, RISK & GOVERNANCE COMMITTEE

Dr. David Githanga, MBS - Chairperson
Mr. Sammy Onyango
Mr. John Sergon, EBS
Mrs. Ludmila Shitakha, HSC

HUMAN RESOURCES COMMITTEE

Mr. Philemon Mwaisaka, EBS, SS - Chairperson
Hon. Dr. Chris M. N. Bichage, PhD
Dr. Magdalene Muthoka, PhD
Dr. Fred Kambuni, MBS
Hon. Justice (Rtd) Philip Waki, EBS
Dr. Louis Litswa
Dr. Joe Kamau, PhD
Mrs. Ludmila Shitakha, HSC

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

CORPORATE INFORMATION (CONTINUED)

National Bank of Kenya Limited
National Bank Building, Harambee Avenue
P.O Box 72866-00200
Nairobi, Kenya.

ADVOCATES

Kaplan & Stratton
Williamson House, 9th Floor
P O Box 40111 - 00100 GPO
Hamilton Harrison & Mathews
Delta-Offices, Waiyaki Way
P O Box 30333 - 00100 GPO
Nairobi

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

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

Miller & Company Advocates
Flamingo Towers, 8th Floor
Mara Road, Upper Hill
P O Box 45707 - 00100
Nairobi

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

Simba & Simba Advocates
Finance House, 6th Floor
Loita Street,
P O Box 10312 - 00100
Nairobi

Mutubwa & Company Advocates
Mayfair Centre, 2nd Floor
Ralph Bunche Road
P O Box 23418-00100
Nairobi

AUDITORS

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





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

ABOUT US



The Kenya Hospital Association is a company Limited by Guarantee without a share capital registered as such under the Companies Act of Kenya, 2015 and trading as **THE NAIROBI HOSPITAL**.

The Nairobi Hospital has a very rich history. The foundation stone of what was to become the leading provider of healthcare services in the East African region, was laid on the morning of 20th October 1952 by Sir Evelyn Baring, the then Governor of Kenya Colony. This is the day our independence heroes were rounded up and the fight for self-determination began in earnest. At that moment of darkness in the history of our country, and in spite of the events of the night before, The Nairobi Hospital was born. Indeed, this historical twist resonates well with the institution's guiding motto **'Lux in Tenebris' - Light in Darkness**.

Opening its doors in 1954 as the European Hospital, the institution has grown from humble beginnings to a modern high-technology Hospital with more than 400 bed-capacity, six outpatient centers and a global medivac centre. The combination of highly skilled medical specialists and modern medical and non-medical technology has placed the hospital in a position to undertake a wide range of routine and complex investigations and procedures including Open Heart Surgery, Kidney Transplants, Trauma Care, Orthopaedic 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 Orthopaedic, 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.





Wouldn't it be better to track, in a more sophisticated way, mean or median statistics? No, Taylor said. By concentrating solely on those most enthusiastic about their rental experience, the company could focus on a key driver of profitable growth: customers who not only return to rent again but also recommend Enterprise to their friends. Enterprise's approach surprised me, too. Most customer satisfaction surveys aren't very useful. They tend to be long and complicated, yielding low response rates and ambiguous implications that are difficult for operating managers to act on. Furthermore, they are rarely challenged or audited because most senior executives, board members, and investors don't take them very seriously.

Core Operating Statistics

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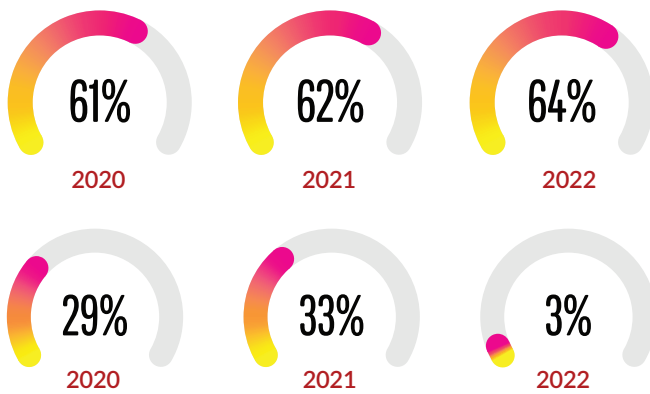
...having their own business. But if you want
...making, ambitious, self-organizing, and it
...ness can give you a lot of freedom, and it
...the rest of your life. If you want to be a success
...ould be self-organized. It's not as easy as it s
...o organize your time and to communicate eff
...o need a lot of patience in order to achieve yo
...h to take responsibility for your actions.
...that I would make a lot of money when got o
...eeded qualities for becoming a successful bus
...ould open a cozy bookshop.

CORE OPERATING STATISTICS

ACCIDENTS & EMERGENCIES



OCCUPANCY

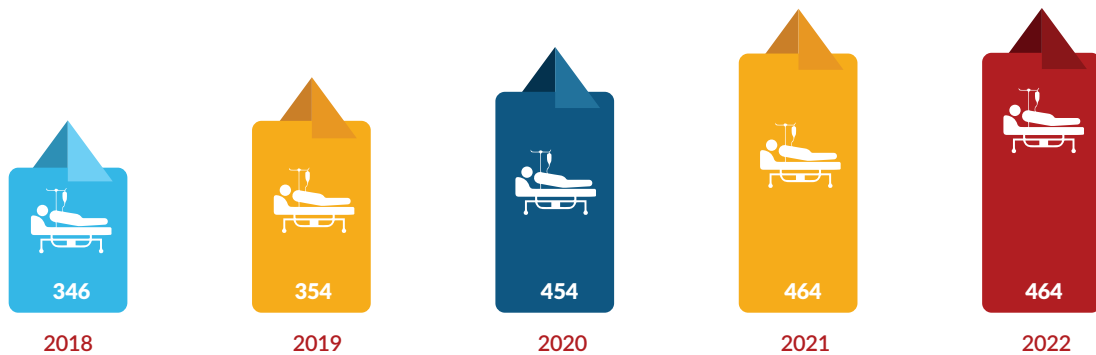


MAIN HOSPITAL OCCUPANCY

EASTWING OCCUPANCY

Globally, the COVID-19 pandemic has demonstrated a substantial downturn. Consequently, there has been a substantial reduction in the number of COVID-19 patients requiring medical care and hospitalization. The hospital is currently engaged in the process of repurposing the facility.

BEDS AVAILABLE









Corporate Social Responsibility

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CORPORATE SOCIAL RESPONSIBILITY



The Nairobi Hospital CEO James Nyamongo, MBS took a photo with children who attended the Mommy and Baby fair.



National Assembly staff taking part in the free wellness examination at ABSA sports club Ruaraka, the event was part of the Diabetes Month awareness activities.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)



The Nairobi Hospital’s Galleria Outpatient Centre conducting a free wellness and health talk at Harvest Family Church, Ongata Rongai, Kajiado County.



The Nairobi Hospital CEO James Nyamongo, MBS, poses for a photo with fellow golfers during the charity golf event sponsored by The Nairobi Hospital held at Karen Country Club.

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 NAIROBI HOSPITAL

Outpatient Services

Galleria OPC	Warwick OPC	Capital Centre OPC
<ul style="list-style-type: none"> A & E Services. Pharmacy Services Laboratory Services X-Ray, Ultrasound & CT Scan Travel & Routine Vaccination Physiotherapy Services Ambulance Services Nutrition Clinic Renal Clinic Obs/Gynae Clinic Surgical Clinic Dental Clinic ENT Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic Wellness Clinic 	<ul style="list-style-type: none"> A & E Services. Pharmacy Services Laboratory Services. X-Ray, Ultrasound & CT Scan Travel & Routine Vaccination Physiotherapy Services Ambulance Services Nutrition Clinic Obs/Gynae Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic Wellness Clinic Orthopaedic Clinic Ophthalmology Clinic 	<ul style="list-style-type: none"> A & E Services. Pharmacy Services Laboratory Services X-Ray & Ultrasound Travel & Routine Vaccination Ambulance Services Obs/Gynae Clinic Surgical Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic
Southfield OPC	Rosslyn OPC	Kiambu OPC
<ul style="list-style-type: none"> A & E Services Pharmacy Services Laboratory Services X-Ray & Ultrasound Travel & Routine Vaccination Ambulance Services Obs/Gynae Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic Dental Clinic ENT Clinic 	<ul style="list-style-type: none"> A & E Services Pharmacy Services Laboratory Services X-Ray & Ultrasound Travel & Routine Vaccination Ambulance Services Obs/Gynae Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic Executive Clinic 	<ul style="list-style-type: none"> A & E Services Pharmacy Services Laboratory Services X-Ray & Ultrasound Travel & Routine Vaccination Ambulance Services Obs/Gynae Clinic Family Health Clinic Pediatric Clinic Wellness Baby Clinic Dental Clinic Surgical Clinic



Chairman's Statement

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CHAIRMAN'S STATEMENT

OVERVIEW

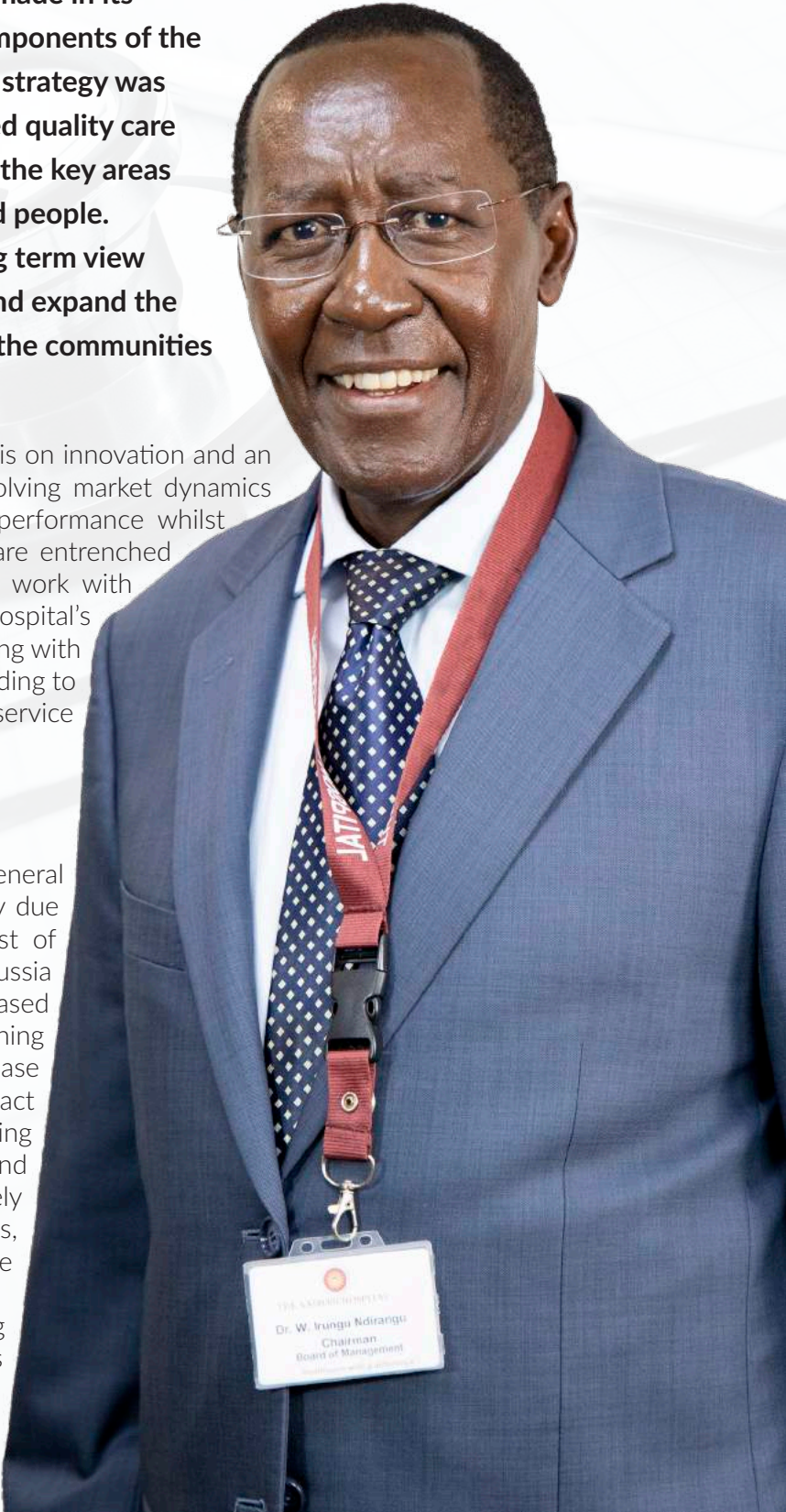
The Board of Management is pleased with the progress the institution has made in its implementing significant components of the 2019 to 2024 strategy. This strategy was centered on delivering patient centered quality care through innovation and investment in the key areas of medical equipment, technology, and people. This Board has taken a medium to long term view to develop a more resilient business and expand the delivery of quality medical services in the communities we serve.

We have continued to put greater emphasis on innovation and an agile approach to adapt to constantly evolving market dynamics that impact positively on organizational performance whilst also ensuring governance best practices are entrenched in a robust manner. It is critical that we work with all stakeholders involved to spur the hospital's strategic agenda and this has meant engaging with our partners as well as listening and responding to our patients, staff as well as our medical service providers.

OPERATING ENVIRONMENT

Global economic activity experienced a general decline in 2022 compared to 2021 mainly due to the ripple effects that resulted in cost of living increases due to the ongoing war in Russia and Ukraine. Headline inflation increased significantly in most regions with tightening financial conditions resulting in an increase in the cost of capital. Alternately, the impact of these changes resulted in the shilling depreciating against major currencies and crucially the United States Dollar adversely affecting our sourcing of surgical inputs, drugs and heavy equipment maintenance costs.

These impacts elevated the cost of doing business that impacted on the organization's performance in the year under review.



CHAIRMAN'S STATEMENT (CONTINUED)



“Our East Wing facility - a first for the region- catered to over 2,000 patients admitted since we opened the facility's doors and is a testament to our internal capability to actively respond and serve our community even during uncertain times.”

2022 began with the COVID Omicron variant resulting in a spike in positivity in the first quarter. Since then, there has been a general decline in positivity and the Hospital is proud of the great role it played in combating the pandemic. Our East Wing facility - a first for the region- catered to over 2,000 patients admitted since we opened the facility's doors and is a testament to our internal capability to actively respond and serve our community even during uncertain times.

Our response to these challenges has included a relook at our efficiency to ensure global disruptions do not adversely affect our service delivery while we have taken a different approach to how we manage foreign currency risks to lighten the impact of the shilling depreciation. Our East Wing facility will be reopened to continue to serve those who need our care with the country effectively recovered from the COVID pandemic and this will enable better prospects for the facility in the near term.

OUR STRATEGY

We remain committed to delivering outstanding stakeholder experience, exceptional quality, patient safety, and sustainable growth. Significant investment has been made in developing additional world class theaters while we have invested in the latest radiology imaging equipment. This continued investment in infrastructure will increase our service delivery capability to respond to growing demand for our services and changing consumer landscapes.

CHAIRMAN'S STATEMENT (CONTINUED)



Additionally, the implementation of the first phase of our digital transformation agenda will enable greater efficiency and cost reduction across the board.

We have continued to invest in our clinical workforce through a comprehensive staff development strategy that is anchored on patient centered care. To play our role as an industry shaper in the healthcare sector towards Universal Healthcare Coverage, we have aligned our strategy to deliver access to quality healthcare and we will work with trusted partners who share the same vision.

OUTLOOK AND IMPACT

We believe in our strategy; it is sound and will deliver results in the near term and set the institution apart from its peers. The Board therefore continues to ensure that it monitors management's performance in achieving this strategy. The Hospital's brand equity and consumer perception of our service remains strong and is reflected in the revenue growth witnessed over the years. In turn, the investments we have put in will deliver impetus in our revenue generation initiatives. Externally, while the whirlwind of a dynamic operating environment continues to challenge organizations across the board, our risk mitigation strategies and investment in ideas and innovation will enable the institution to withstand these challenges in a resilient and robust manner.

ACKNOWLEDGEMENTS

I am grateful that the members of the Kenya Hospital Association entrusted us to continue with the journey that started three years ago to transform the Hospital into a regional center of excellence. I would like to also take this opportunity to welcome to the Board Justice Waki in his elected capacity and Dr. Kamau, Mr. Sergon & Mr. Onyango in their co-opted capacities.

It is gratifying to note that the Board and its committees have performed well, not only fulfilling its duties but also supporting management while delegating with responsibility and transparency. The Board is optimistic that with the support of Kenya Hospital Association members, Management, Staff and all Stakeholders, the Hospital will achieve its objective of becoming a world class multi-specialty hospital delivering exceptional quality services and outstanding stakeholder experience.



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



Chief Executive Officer's Statement

Healthcare with a difference!

CHIEF EXECUTIVE OFFICER'S STATEMENT



INTRODUCTION

We are a sustainable and innovative organization fully committed to enhancing our status as a world class multi-specialty hospital delivering exceptional quality care and outstanding stakeholder experience. Indeed, we deliver this through Investments in human capital, technology efficient equipment and continuous research into the evolving medical needs of the society.

We have taken a long-term view to sustainably respond to changing market dynamics that have been volatile and unpredictable and have affected our short-term performance. Our strategic investment in priority infrastructure, systems and policies has improved our work environment, enabling staff to deliver on our promise of providing quality healthcare with a difference. This report highlights some of the key focus areas outcome in 2022.

PATIENT CARE AND EXPERIENCE

Providing exceptional patient care and experience remains our top priority. We implemented several initiatives in 2022 to enhance the quality and safety of care delivered at our hospital. Our patient satisfaction scores remained consistently high, reflecting our commitment to personalized, compassionate care in an environment of trust and quality. We continue to make significant investment towards this end. We successfully implemented various investments in this regard including a queue management system for improved service delivery, increased investment allocation to radiology services while continued revamping of our wards and beds has been done to ensure our patients comfort is catered to. We also have plans to expand our allocation of private rooms given shifting consumer preferences for privacy after the pandemic.

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)



The Nairobi Hospital has installed a new state-of-the-art Biplane Cath Lab for cardio, neuro, and vascular treatment services which is the first one in East and Central Africa



ENGAGEMENT WITH OUR CONSULTANT DOCTORS

Our hospital recognizes the importance of fostering strong relationships with independent doctors. In 2022, we continued to prioritize collaboration and open communication with these physicians. Our liaison channels through the Medical Advisory Committee (MAC) and regular Admitting Staff Association (ASA) meetings continue to ensure their voices are heard and their needs are met. This partnership has enhanced our ability to deliver high-quality, patient-centered care.

OUR STRATEGY

To stay at the forefront of advanced healthcare, we embrace strategic planning, technology adoption, and new projects. In a bid to improve patient outcomes and enhance efficiency in service delivery, management in 2022 invested in various capital projects. Through our Main Entrance project, we have implemented a new and expanded laboratory, physical medicine center and pharmacy. We have also built and equipped two new theatres to respond to increased demand for our quality services. Meanwhile we will take this opportunity to revamp our old theatres thereby enabling us to serve more Kenyans going forward. Our western entrance project, which is almost done, will create additional room for our consultant doctors to enable them to serve more patients while the integrated services project will link all these services for better customer experience.



Our investment in radiology services continues with upgrades done for our Magnetic Resonance Imaging (MRI) for accelerated scan times and increased patient comfort



CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

Our investment in radiology services continues with upgrades done for our Magnetic Resonance Imaging (MRI) for accelerated scan times and increased patient comfort. Additionally, in line with our strategy as a cardiology center of excellence, we acquired a new state of the art Cardiac Biplane which will enable our specialists conduct comprehensive interventional cardiology procedures.

Our investment in cutting-edge medical technology includes the acquisition of a neurosurgical microscope and an ophthalmic microscope, both of which play vital roles in improving patient care. This microscope empowers our surgeons to perform delicate procedures, resulting in improved surgical outcomes and enhanced patient safety. Additionally, the ophthalmic microscope revolutionizes our ophthalmology department by facilitating comprehensive eye examinations and precise interventions.

Our dedicated staff members are the backbone of our hospital's success. In 2022, we focused on improving employee satisfaction and engagement. We introduced various wellness programs, professional development opportunities, and competitive benefits packages to combat increasing human capital flight to developed economies. These efforts resulted in increased staff retention and improved morale across the organization.

PARTNERSHIPS

Collaborating with partners who share the Hospitals' vision has and will continue to be instrumental in achieving our goals. These partnerships have expanded our service offerings, increased referrals, and allowed us to provide comprehensive care to a broader patient population. We expect that through these networks we will continue to grow the Hospitals footprint in our mission to deliver quality accessible care to all citizens.



“The Hospital’s Strategy is sound, and we have taken significant steps to reposition the Hospital as the preferred healthcare provider in the region and beyond”

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

OPERATING PERFORMANCE

The Hospital's Strategy is sound, and we have taken significant steps to reposition the Hospital as the preferred healthcare provider in the region and beyond. In the year 2022, the dynamic nature of the economy and indeed many others offered a challenging backdrop to most institutions, and this impacted the performance of the Hospital. The hospital has returned a loss of Sh 565 million down from a prior year surplus of Sh. 320 million attributable largely to increasing costs of doing business and strategic expenditure while the declined occupancy at the United Nations Nairobi Hospital wing that was used exclusively for Covid 19 patients in 2021 led to lower revenue. Despite this, management remains committed to our long-term vision and delivering value to both the Company members and other stakeholders.

LOOKING FORWARD

Our strategic projects are aimed at delivering superior performance in the short run while remaining sustainable long term. The fundamentals to our revenue base remain strong and from where our growth will scale from. In carrying out our strategy, taking advantage of existing opportunities and leveraging on our existing internal capabilities and 2019-2024 integrated plan, we intend to explore growing our footprint and increasing our value proposition to our patients.

APPRECIATION

My gratitude goes to our clients who in the process of getting good health place us at the center of service provision and positive impact. We commit to continue making your health our priority by investing in solutions that guarantee best care in an atmosphere of trust, safety, and comfort.

I also take this opportunity to express my appreciation to the Chairman and Members of the Board of Management for their guidance and support throughout our transformation journey. I acknowledge the contribution of our Staff and Management for the performance of the hospital. They worked tirelessly through the challenges of 2022 and demonstrated an enduring commitment to provide excellent services to our clients. Finally, I thank the members of the Admitting Staff for their continued collegial support in delivering superior clinical outcomes.

We are positive that with the support of these key people, bodies, and institutions we are on the path to becoming a world class multi-specialty hospital delivering exceptional quality care and impacting the community around us.



James Nyamongo, MBS
Chief Executive Officer



Board of Management & Board of Trustees

Healthcare with a difference!

BOARD OF MANAGEMENT

DR. W. IRUNGU NDIRANGU (Maj. Rtd)

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

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

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



HON. DR. CHRIS M.N. BICHAGE, PhD

Dr. Bichage is the Vice – Chairman of the Board of Management, a member of the Finance and Investment Committee and the Human Resources Committee of the Board.

Dr. Bichage holds a Bachelor of Building Economics (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 where he worked 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 Co. Ltd (1989 – 1992) and Co-operative Bank of Kenya (1986 – 1992). He was an elected Member of Parliament for Nyaribari Chache Constituency in 2013.



MR. PHILEMON MWAISAKA, EBS, SS

Mr. Philemon Mwaisaka is the Chairman Human Resources Committee and is a member of the Infrastructure Projects Management Committee of the Board.

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

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

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

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



DR. MAGDALENE MUTHOKA, PhD

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

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

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



Magdalene is currently the Chief Manager, Human Resource & Administration at the New Kenya Co-operative Creameries, a food industry, processing and marketing milk and mild products from 2011 to date. Previously, she has worked at the Mater Hospital and was 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

Dr. David Githanga is a the Chairman of the Audit, Risk and Governance Committee and a member of the Finance and Investment Committee of the Board.

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

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

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

He is the immediate past Chairman of the Kenya Paediatric Association (KPA) and is a member of Kenya National Immunization Technical Advisory Group (KENITAG) and Rotary District Chair of Polio Eradication Team and the Current Chair of WHO Regional Committee on Measles-Rubella eradication. He is also a Board Member of the Thomas Barnados Children’s Home.

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



MRS. LUDMILA I. SHITAKHA, HSC

Mrs. Ludmila Shitakha is a member of the Human Resources Committee and the Audit, Risk and Governance Committee of the Board.



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

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

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

DR. LOUIS A. LITSWA

Dr. Louis Litswa is a member of the Human Resources Committee and the Infrastructure Projects Management Committee of the Board.



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

He has also served as a member of the Medicines and Therapeutics Committee at the Nairobi Hospital from 2016 – 2019. He further served in the Medical Advisory Council at the Mater Hospital from 2015 to 2017 initially as the Vice Chairperson and subsequently as the Chair. Currently, he is the Chair of the Kenya Society of Anaesthesiologists, the national professional society, and Chair of Division of Anaesthesia at Gertrude's Children's Hospital.

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

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

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

In his 24 years of public service 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 is now retired from the Kenyan Judiciary but is a Practicing Advocate of the High Court of Kenya, and Commissioner for Oaths.



DR. FRED KAMBUNI, MBS

Dr. Kambuni is the Chairman of the Medical Advisory Committee (MAC) and Member of the Human Resource Committee and the Infrastructure Projects Management Committee of the Board.

Dr. Kambuni holds a Bachelor of Medicine and Bachelor of Surgery from Nairobi University – 1985. He attained his 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. He has special interest in Paediatric Urology. This includes teaching and continuous mentoring of upcoming young doctors in his specialty. He has trainees from East and Central Africa and thus growing Paediatric Surgery in the region. He is the current Chairman, Division of Surgery at The Nairobi Hospital. An ASA Member and practicing in Paediatric Urology and Paediatric Surgery. He has previously served as a Consultant In-Charge of the Paediatric Surgery Unit.

He is a founder fellow of COESCA (College of Surgeons of East, Central & Southern Africa) and was awarded the Moran of the Burning Spear (MBS) in 2022.

He previously served as Chairman of, KAPS (Kenya Association Paediatric Surgeons), Council Member – KAUS (Kenya Association of Urological Surgeon, Council Member – PAPSA, Head of Paediatric Surgical Unit – Kenyatta National Hospital/ University of Nairobi, Head of Paediatric Surgical Unit – The Aga Khan University Hospital, Head of Paediatric Surgical Unit – Gertrude's Hospital

MR. JOHN SERGON, EBS



Mr. John Sergon is a member of the Finance and Investment Committee and the Audit Risk and Governance Committee. Mr. Sergon is currently working as an Executive Fellow at the Institute of Public Policy and Governance, Strathmore University focusing on digital governance.

Mr. Sergon has over 30 years' work experience, both in public and private sector, mainly in the ICT domain. His key role in the public sector include Ag. Chief Executive Officer, the ICT Authority; Director of ICT in various government ministries and the Directorate of e-Government in the Cabinet Office. Over the years he has been instrumental in overseeing the deployment of strategic ICT policies, programs and projects that define today's Kenya's ICT landscape.

Mr. Sergon holds a Master of Science (MSc) degree in Management Information System (MIS) from Bowie State University, Maryland, USA and a Bachelor of Business Administration (Accounting Option) from University of District of Columbia, Washington DC, USA. He is currently undertaking his PhD at Strathmore University. He has attended numerous strategic, professional and management courses locally and abroad.

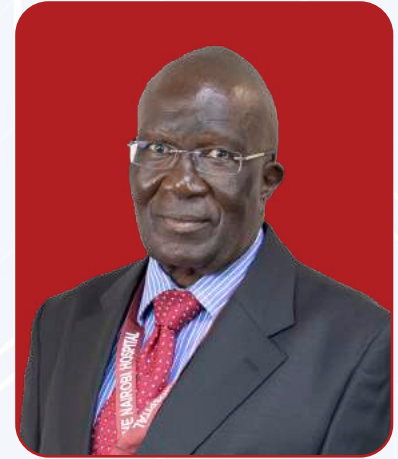
Mr. Sergon was awarded Elder of Burning Spear (EBS), 2nd Class by His Excellency the President of Kenya for distinguished Service to the Republic of Kenya during the 12th December 2000 Jamhuri Day Celebrations.

MR. SAMMY ONYANGO

Mr. Sammy Onyango is a member of the Finance and Investment Committee and Audit, Risk and Governance Committee. Mr. Onyango is the immediate 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 occasionally 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 fulfils its professional and contractual responsibilities and that any professional, technical or client service problems are resolved promptly with timely consultations. He 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.



MR. JOE KAMAU, PhD

Mr. Joe Kamau is a member of the Finance and Investment Committee and the Human Resources Committee.

Mr. Kamau is currently a part-time lecturer at Cooperative University, Post Graduate, School of Business. He is a Certified Professional Mediator (CPM) from Eckerd College, USA. He has vast experience in Business Innovation, Performance Management, Business Integration, Strategic Management and Change Management and Organizational Effectiveness. He was the Managing Director and CEO of Emerging Markets Communications Kenya Ltd (A subsidiary of Global Edge) from 2003 to 2021, Managing Director at Tripplite Manufacturing, Chicago, IL, USA. He has also published a number of journals and articles on Strategic Management and Business Innovation and have been published by International Journal of Innovation, Business and Management (IIBM).

Mr. Kamau holds a PhD in Strategic Management, a Masters in Finance from William Paterson University, USA and a Bachelor's Degree in Business Administration from the University of Nairobi. He is a current and past board member of Computer Society of Kenya, Communication Authority of Kenya and Kenya National Chamber of Commerce among others.



DR. GLADWELL KIARIE

Dr. Gladwell Kiarie is the Vice-Chairperson of the Medical Advisory Committee (MAC) and a member of the Finance and Investment Committee and the Infrastructure Projects Management Committee of the Board.

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 prostate 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. She is the Chairperson of the Division of Medicine at the Nairobi Hospital and sits 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.



BOARD OF TRUSTEES

PROF. GITHU MUIGAI, EGH, SC

Prof. Githu Muigai holds a Doctor of Philosophy (PhD) from University of Nairobi, Master of Law (LLM) from Columbia University Law School, New York. He was admitted as an Advocate of the High Court of Kenya in 1985.

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

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

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

Prof. Muigai is the current 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, 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, Nairobi City Council Chairman, Public Health Committee. In 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 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.

Dr. Aluoch is the current Vice-Chairman of the Board of Trustees of the Kenya Hospital Association.

HON. ESTHER M. MATHENGE, EGH



Hon. Esther Murugi Mathenge is currently a Commissioner with the National Land Commission, Kenya. She has vast experience on matters of land administration and Valuation and Estate Agents. She serves as a Council Member to the University of Tangaza. Tangaza University is a constituent college of Catholic University of East Africa (CUEA) working towards a charter. She was appointed in February 2020. The role of the Council is to direct the affairs of the University.

Hon. Esther M. Mathenge is the current chair of the University Council’s Corporate Affairs Committee. The role of the Committee is amongst others to oversee the University’s compensation and benefits policies, evaluate senior executive performance, oversee succession planning for the senior management and to review and to recommend to the University Council corporate governance guidelines and the Code of Conduct for the University. She is also a trustee of the Nairobi Hospital.

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. She has been a member of parliament representing Nyeri Town Constituency from 2008- 2017. As a Member of Parliament, her job was to represent the people; legislate and oversight both the executive and judiciary.

Hon. Esther M. Mathenge has had opportunity to serve as a Minister (currently referred to as Cabinet Secretaries) for two ministries. She was the 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 the 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 a love for women and encourages them to step up and aim high. She has in the past worked very closely with international organization Sorptimist International Kenyan Chapter. This organization worked with women to improve their social economic and education standards. She served as the Chairperson of the Kenya Chapter in (1998-2001)

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

FCPA Ouko is a results-oriented, patriotic, humble servant and audit professional who hitherto discharged the mandate 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. Earlier 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 of investigations and audit. While at the African Development Bank, he directed and supervised audits, anti-corruption, fraud and investigation functions for over 12 years cumulatively. In addition, he collaborated in a Working Group as a member of the MDBs and the UN Heads of Internal Audit on revising the Institute of Internal Auditors (IIA) standard on the current definition of Internal Auditing. He also contributed to the drawing up the first Standards of Investigation for the UN, MDBs and OLAF in 2003.

He is a Member of the Advisory Board; Vienna-Based International Anti-Corruption Academy (IACA). The academy, 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.

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 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's been a Director at Eagle Africa Capital Partners Limited, Prunus Energy Systems Limited and Mobile Financial Solution Limited.



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.





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)

SENIOR MANAGEMENT



James Nyamongo, MBS
Chief Executive Officer



Mr. Samwel Odede
Director of Medical Services



Mary Kamau
Director of Nursing Services



Margaret Sirima
Principal, College of Health
Sciences



Nicodemus Odongo
Director, Strategy &
Innovations



Eric Maigo
Ag. Finance Director



Joy Kaguri
Head of Human Resources



Gilbert Nyamweya
Company Secretary



Weldon Rotich
Head of Internal Audit



Felix Osano
Director, Supply Chain



Antipas Nyambok
Head of Operations



Eng. Shammach Kiteme
Head of Engineering



Michael Ndavi
Ag. Head of IT



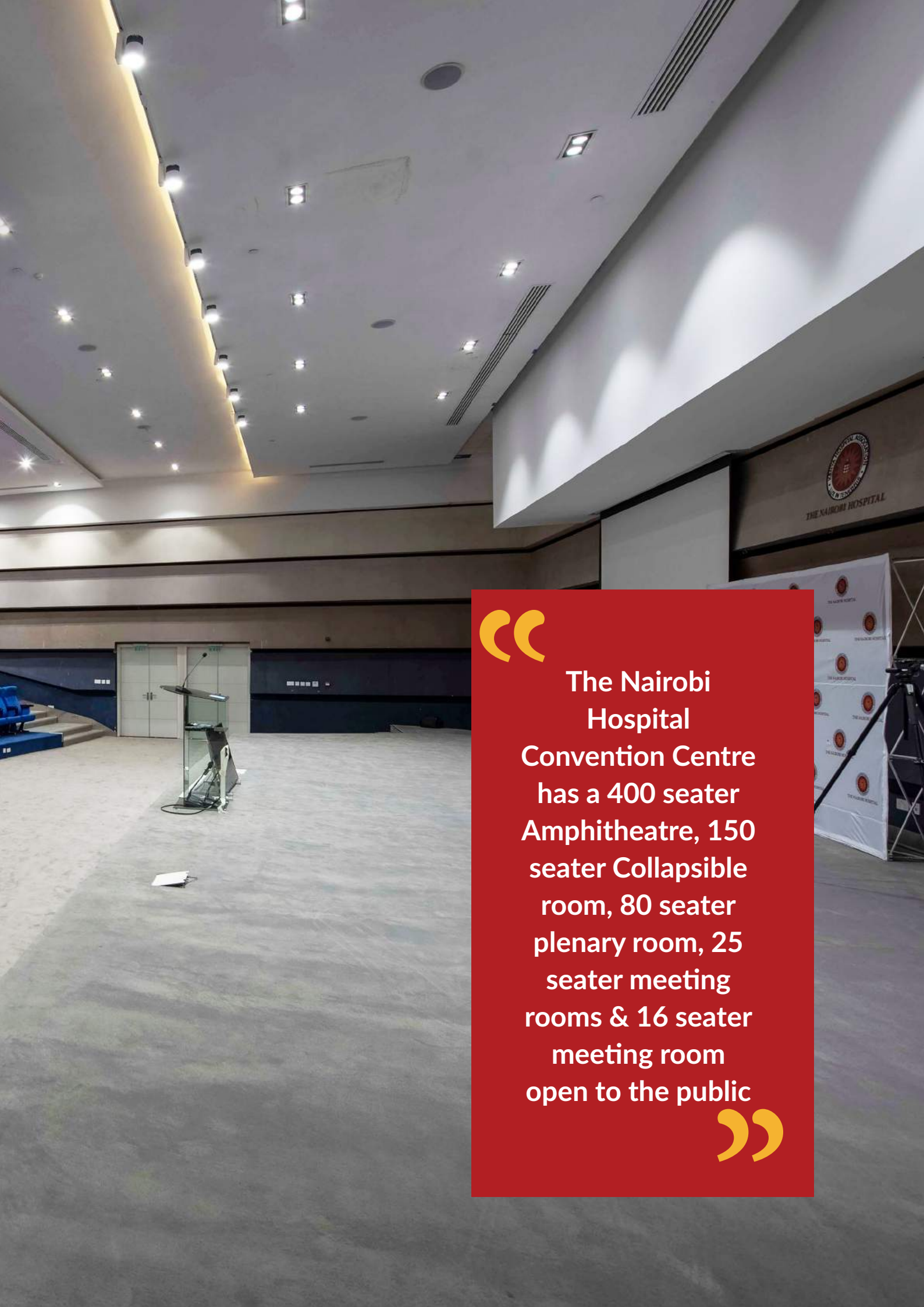
Guido Leariwala
Chief Security Officer



Audrey Onsomu
Head of Risk & Compliance

*The Nairobi Hospital
Convention Centre
Amphitheatre*





**The Nairobi
Hospital
Convention Centre
has a 400 seater
Amphitheatre, 150
seater Collapsible
room, 80 seater
plenary room, 25
seater meeting
rooms & 16 seater
meeting room
open to the public**





Corporate Governance

Healthcare with a difference!

CORPORATE GOVERNANCE

PREAMBLE

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

The 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 Hospital 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 with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

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

BOARD OF MANAGEMENT

The Board of Management is composed of non-executive members elected by Kenya Hospital Association Members. The Kenya Hospital Association Members' responsibility is to elect 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.

The full Board meets at least five times a year and the Chairman has bi-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.

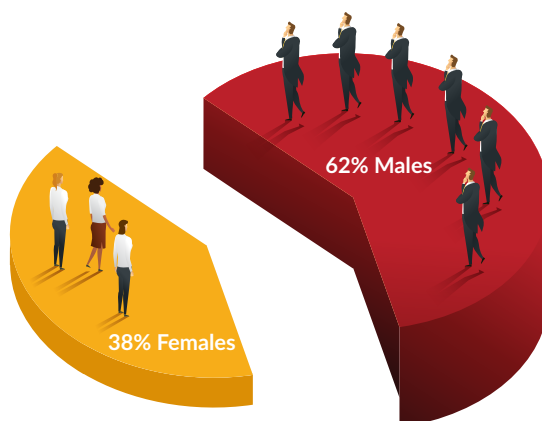
CORPORATE GOVERNANCE (CONTINUED)

BOARD DIVERSITY

The board comprises of the following skill set:

Skill	Count	% Age
Medical	5	37%
Governance	1	7%
Finance	3	21%
Administration	2	14%
Engineering	1	7%
Legal	2	14%
	14	100%

The Nairobi Hospital Board complies to the 2/3 gender rule with 38% being female and 62% male.



BOARD MEETINGS

The Board as per the Annual work plan meets quarterly or additionally when necessary to consider matters of overall control 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.

In 2022, the Main Board held 8 meetings attended as follows:

Member	Meetings attended
Dr. W. Irungu Ndirangu (Maj. Rtd)	8/8
Hon. Dr. Chris M. N. Bichage	8/8
Mr. Robert Shaw	8/8
Mr. Richard Baraza	7/8
Dr. Jane Kabutu	7/8
Mrs. Agnes Odhiambo, CBS	7/8
Dr David Githanga	7/8

CORPORATE GOVERNANCE (CONTINUED)

Member	Meetings attended
Dr. Louis Litswa	8/8
Dr Magdalene Muthoka, PhD	8/8
Mr. Philemon Mwaisaka, EBS, SS	8/8
Mrs. Ludmila Shitakha, HSC	8/8
Mrs. Catherine Kola	5/5
Eng. Godfrey Marambe	5/5
Hon. Justice (Rtd) Philip Waki, EBS	4/4

BOARD REMUNERATION

Non-Executive Directors provide services to the company to which they are entitled to a 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.

COMMITTEES OF THE BOARD

The Board has five standing 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 four 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.

CORPORATE GOVERNANCE (CONTINUED)

The internal audit department performs various activities in the evaluation of risk management, control and governance. Significant business risks in the systems and financial controls are highlighted and brought to the attention of the Audit and Risk Management Committee, Senior Management and external auditors. In 2022, the committee held 4 meetings attended as follows

Name	Role	Meetings attended
Mrs. Agnes Odhiambo, CBS	Chairperson	4/4
Mr. Robert Shaw	Member	4/4
Dr. Jane Kabutu	Member	3/4
Dr. Louis Litswa	Member	4/4
Mrs. Catherine Kola	Member	3/4

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 and the Matron/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 2022, the committee met 11 times.

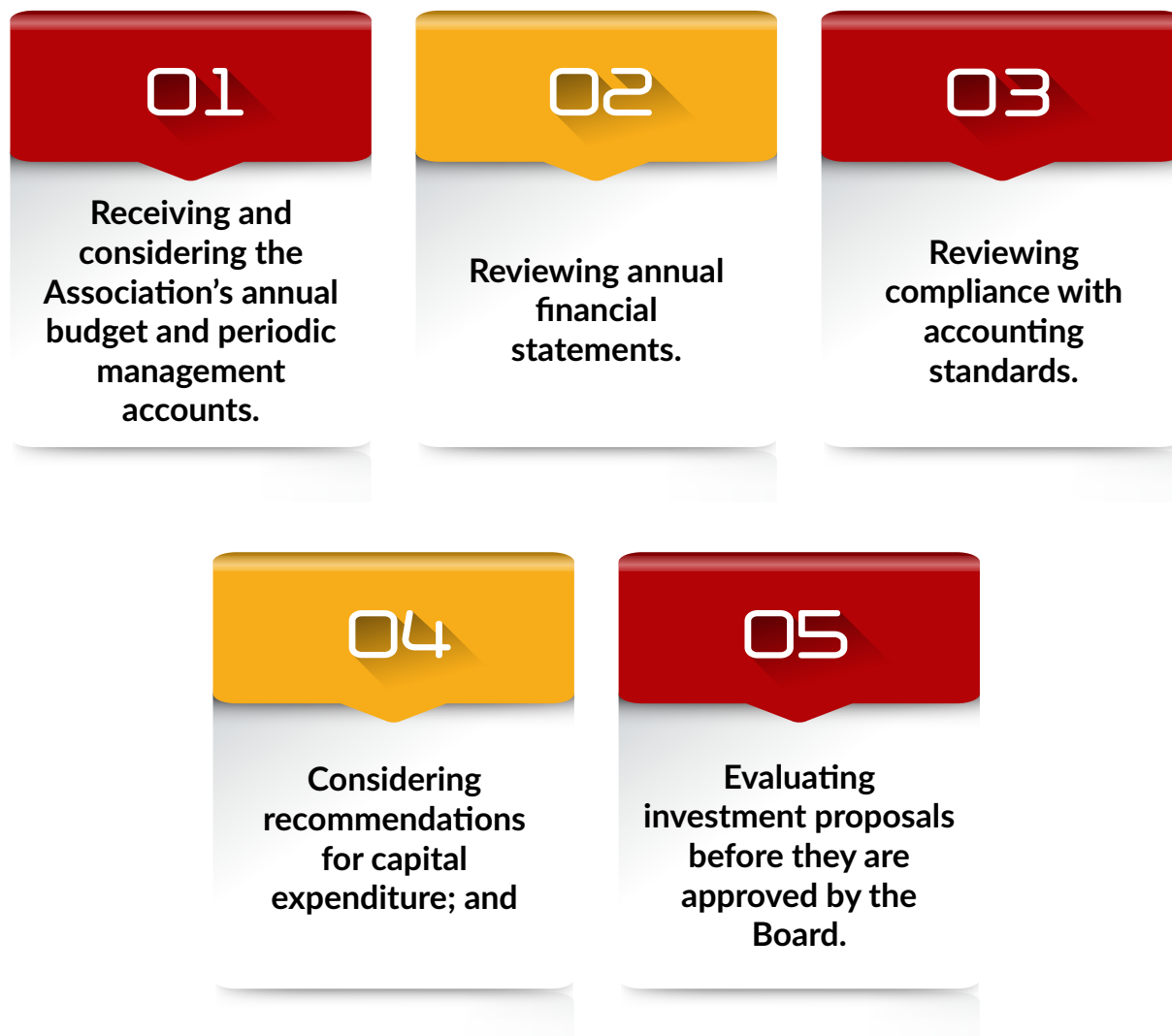
Name	Role	Meetings attended
Mr. Richard Baraza	MAC Chairman	11/11
Dr. Jane Kabutu	MAC Vice Chair & Chair, Division of Anaesthesia	11/11
Dr. Caroline Odula-Obonyo	Chair, Division of Obstetrics & Gynaecology	9/11
Dr. Gladwell Kiarie	Chair, Division of Medicine	9/11
Dr. Paul Musila	Chair, Division of Paediatrics	10/11
Dr. J.C. Munene	Chair, Division of Surgery	7/9
Dr. Agnes Gachoki	Member at Large	11/11
Prof. G.W. Jaldesa	Member at Large	10/11
Dr. Mbira Gikonyo	Member at Large (Covid 19 Taskforce)	7/8
Dr. Luke Musau	Co-Opted Member	8/8
Dr. Barclay Onyambu	Member	3/3
Dr. Fred Kambuni, MBS	Member	1/1

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 eight 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.

CORPORATE GOVERNANCE (CONTINUED)

The Committee's main responsibilities include:



In 2022, the committee held 9 meetings attended as follows

Name	Role	Meetings attended
Mr. Philemon Mwaisaka, EBS, SS	Chairperson	9/9
Mrs. Agnes Odhiambo, CBS	Member	9/9
Mrs. Ludmila Shitakha	Member	9/9
Dr Magdalene Muthoka, PhD	Member	9/9
Mr. Richard Baraza	Member	9/9
Dr. Louis Litswa	Member	9/9
Eng. Godfrey Marambe	Member	7/7

CORPORATE GOVERNANCE (CONTINUED)

HUMAN RESOURCES COMMITTEE

There is a Human Resources Committee of the Board which meets at least quarterly. The Committee is mandated to review and formulate on behalf of the Board human resources policies for the Hospital on employee recruitment, 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 2022, Its membership comprises seven non-executive members.

The committee held 11 meetings attended as follows

Name	Role	Meetings attended
Dr Magdalene Muthoka	Chairperson	9/10
Hon. Dr. Chris M.N. Bichage PhD	Member	10/10
Mr. Robert Shaw	Member	11/11
Dr. Jane Kabutu	Member	11/11
Dr David Githanga	Member	10/10
Mr. Philemon Mwaisaka, EBS, SS	Member	9/9
Hon. Justice (Rtd) Philip Waki, EBS	Member	8/8

INFRASTRUCTURE PROJECTS MANAGEMENT COMMITTEE

There is an Infrastructure Projects committee whose role is to fulfill the Hospitals 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 plan. Its membership comprises six non-executive members with senior management co-opted into the deliberations based on project expertise.

In 2022, the committee held 5 meetings attended as follows:

Name	Role	Meetings attended
Hon. Dr. Chris M.N. Bichage PhD	Chairperson	5/5
Mr. Richard Baraza	Member	5/5
Dr David Githanga	Member	5/5
Mrs. Ludmila Shitakha, HSC	Member	5/5
Mrs. Catherine Kola	Member	4/4
Eng. Godfrey Marambe	Member	4/4
Hon. Justice (Rtd) Philip Waki, EBS	Member	4/4

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 significant 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.

CORPORATE GOVERNANCE (CONTINUED)

In reviewing the effectiveness of the systems of internal control, the Board takes into account 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.

RISK MANAGEMENT AND COMPLIANCE

The Risk and Compliance function at the Nairobi Hospital is a pivotal department in 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. Steps. The Hospital is also currently pursuing the Joint Commission International Commission ("JCIA") with the objective to complete the same in the next 18-24 months.

OUR RISK MANAGEMENT PRINCIPLES

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



CORPORATE GOVERNANCE (CONTINUED)

<p>1 Governance and Culture</p>	<p>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.</p>
<p>2 Risk management is an integral part of the hospital’s processes</p>	<p>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.</p>
<p>3 Strategy and Objective-Setting</p>	<p>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.</p>
<p>4 Information, Communication and Reporting</p>	<p>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.</p>
<p>5 Risk management is based on the best available information</p>	<p>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.</p>
<p>6 Risk management is part of decision-making</p>	<p>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.</p>
<p>7 Review and Revision</p>	<p>The Hospital periodically review and revise 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.</p>

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 ensure that it is better prepared to respond to potential threats and uncertainties.

CORPORATE GOVERNANCE (CONTINUED)

<p>1 Risk assessment</p>	<p>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.</p>
<p>2 Risk response</p>	<p>As a hospital, developer and implement appropriate risk responses, is based on the results of the risk assessment. This involves treating, taking, terminating, or transferring the risk.</p>
<p>3 Control activities</p>	<p>The hospital implements control activities to mitigate identified risks. This may involve implementing policies and procedures, monitoring activities, and providing training and awareness programs.</p>
<p>4 Risk reporting</p>	<p>Risk reporting is done weekly, monthly, and quarterly to the CEOs 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.</p>
<p>5 Information and communication</p>	<p>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.</p>
<p>6 Monitoring</p>	<p>Regular monitoring of the effectiveness of the risk management framework is done to ensure that it remains relevant and effective.</p>

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.



“The Hospital is committed to the highest standards of integrity, behavior, and ethics in dealing with all its stakeholders.”

COMMUNICATION WITH KHA MEMBERS








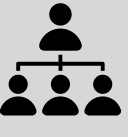

The Hospital is committed to ensuring that KHA members are provided with full and timely information about the Hospital. This is achieved by the distribution of the Hospital’s annual report and the release of notices and circulars to the press as and when necessary. There is one open day in a year which 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.

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

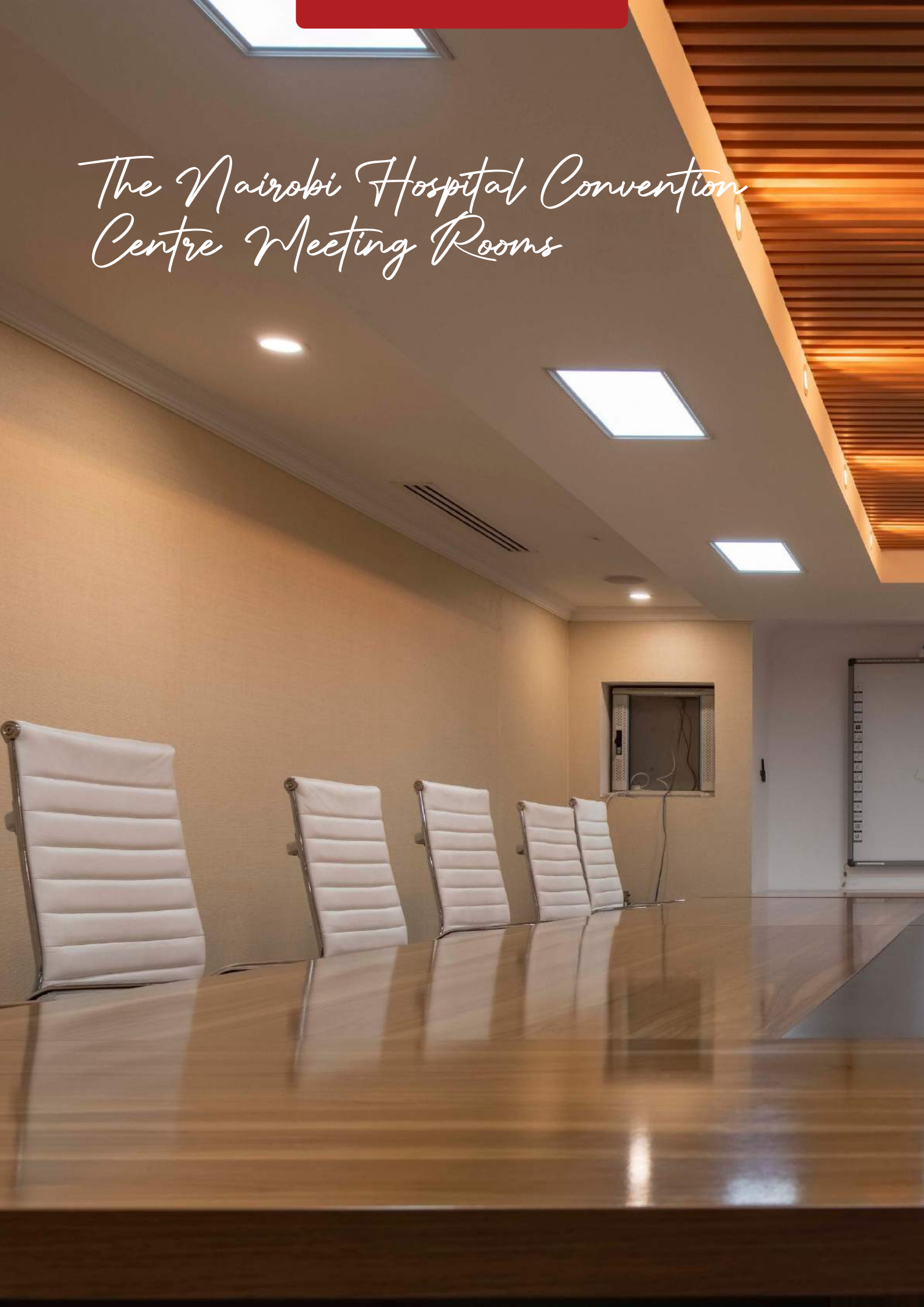
James Nyamongo, MBS
Chief Executive Officer

STRATEGY IMPLEMENTATION STATUS, DECEMBER 2022

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

Strategy 1		<p>Utilization of capacity (Optimize & Expand the Main Campus)</p> <p>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.</p>
Strategy 2		<p>Double down on priority specialties</p> <p>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.</p>
Strategy 3		<p>Unrivalled offerings (Create unrivalled offering in Nairobi and East Africa)</p> <p>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.</p>
Strategy 4		<p>Create coherent social responsibility program</p> <p>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.</p>
Strategy 5		<p>Deliver patient-centred quality care</p> <p>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.</p>
Strategy 6		<p>Conduct financial functions and back office transformation</p> <p>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.</p>
Strategy 7		<p>Implement digital strategy</p> <p>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 efficiency and improved revenues.</p>
Strategy 8		<p>Enhance Operational Efficiency</p> <p>Existing policies procedures and processes were revised to enhance efficiency in operations. All these are geared towards improving stakeholder experience and enhanced cost efficiency.</p>
Strategy 9		<p>Improve staff engagement and performance</p> <p>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 professional development of staff.</p>

*The Nairobi Hospital Convention
Centre Meeting Rooms*





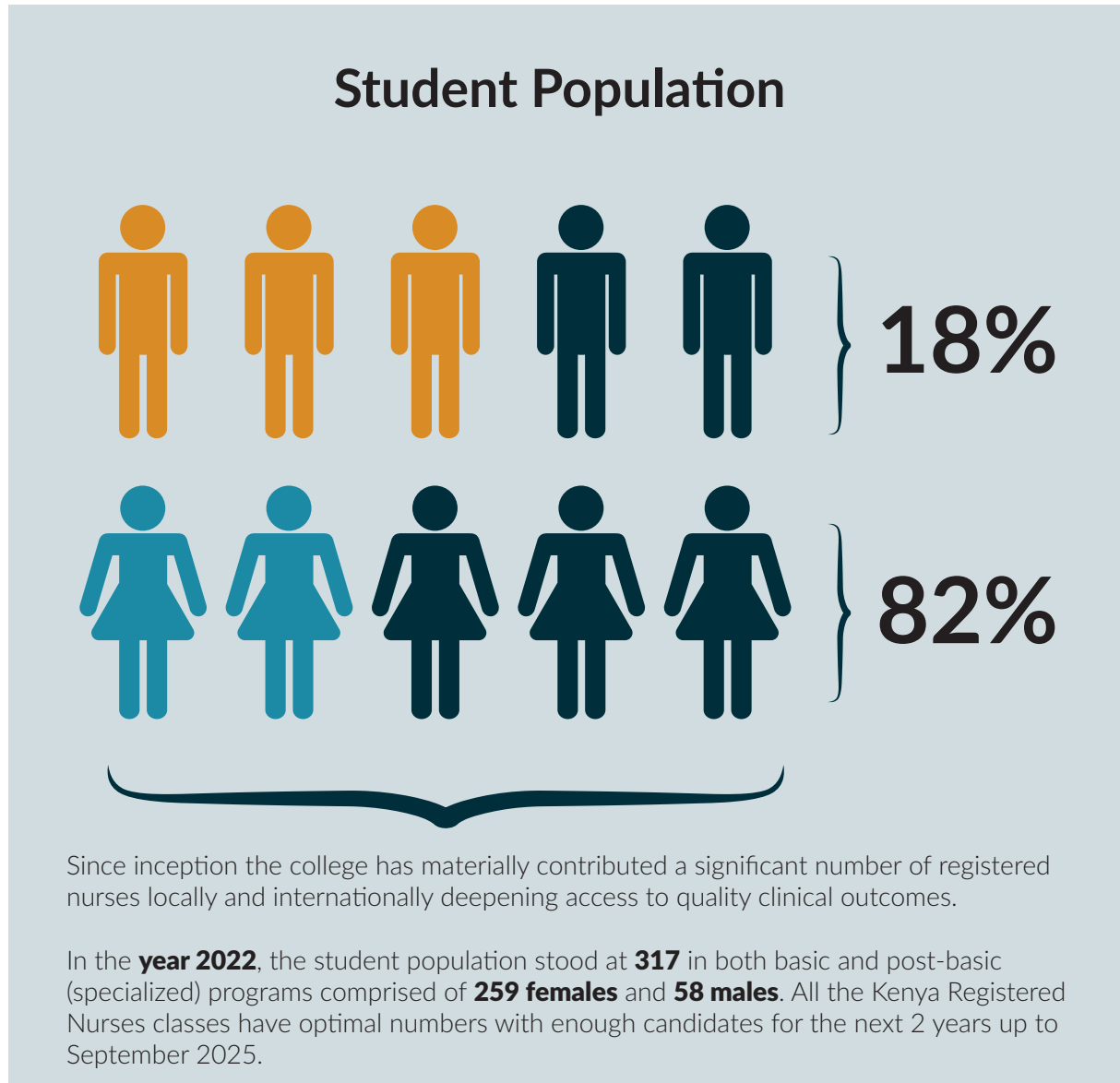
“

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

”

COLLEGE OF HEALTH SCIENCES

The Nairobi Hospital Cicely McDonnell 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.



Part-time module: The College Offers higher diploma courses on part time basis approved by The Nursing Council of Kenya (NCK). It is envisioned that the part-time module will attract more nurses as it offers the convenience of learning while working.

Renal Dialysis Response: The College has introduced a higher diploma in Nephrology nursing. This was in response to the rising number of patients in the country with renal disorders requiring dialysis and kidney transplants. The inaugural class has 7 students. One of the key transformative initiatives in the Strategic pillar is delivery of patient centred 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 students say:

“

*I liked the warm welcome and seamless integration into the College upon my transfer. 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. The food is good, especially the monthly themed lunch. My expectations upon transfer are 100% met. **Current student***

”

“

Cicely McDonell to me is the epitome of excellence. It not only teaches you to become a professional but also for life.

Carolyne Njue, Immediate former GM IQVIA, currently Managing Director Health for Africa class of September 2000.

”

“

I have developed through the period of my stay at the College of Health sciences. I have developed my leadership skills and self-confidence. I have just taken my licensure examination and passed. I have no doubt, I will fit in the Job market.

Student Nurse Crystal Sigei, Class of September 2019.

”

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, faculties, 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:

- a) The College of Health Sciences has maintained partnership with LEAP (lending for education in Africa Partnership). So far forty-five (45) students have benefited from the Program. Of these, thirty-three (33) have since completed training.
- b) 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 is expected to increase the enrollment of students in the higher diploma program.
- c) The College of Health Sciences entered a partnership with Johnson and Johnson in 2019 to sponsor oncology Nursing. So far, thirty-two (32) nurses in our College have benefited from the program since 2020.
- d) The College of Health Sciences signed a partnership agreement with Edith Cowen University in Australia for research, faculty, and programs development.
- e) The College of Health Sciences signed a Memorandum of understanding with Kenya Institute of special education to offer sign language training with an emphasis for medical staff.

Library: The College 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>.



People and Culture

PEOPLE AND CULTURE

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 is responsible for developing a people strategy that positions the Hospital for success and informs key HR responsibilities, including recruiting, onboarding, training, employee engagement and retention, and performance management. 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

Staff development helps employees hone strengths and grow skills, which better equips them for their current roles.

All Departments are required to project their training needs for the coming year which are vetted, and a budget prepared for approval by the board.

We have an appointed training committee which receives and gauges training requests that have been submitted to HR in line with the planned projections and relevance to the hospital as well as the anticipated return on investment then makes recommendations for consideration.

HUMAN RESOURCES

The Hospital facilitated the following trainings in 2022.

TRAINING	
1.	Auditing Governance Strategy, Ethics and Risk Management
2.	International Financial Reporting Standards (IFRS) Masterclass
3.	Food Safety Management System
4.	Supervisory Development Programme Training
5.	ECMO Machine Utilization Observer ship
6.	Paediatric Advance Life Support (PALS)
7.	Indirect Taxes Seminar
8.	The 6th Annual Lady Accountants Conference
9.	The Financial Reporting Week Edition 2
10.	Antimicrobial Stewardship (AMS) Symposium
11.	Basic Life Support
12.	Environmental Management system
13.	Internal Auditors Specific for ISO 15189:2012
14.	Pre- Retirement Training
15.	Q-Pulse Administration
16.	Q-Pulse Training for Champions (Super Users)
17.	Q-Pulse Training for SMT
18.	Quality Management System
19.	CEOs and HR Leaders Converge
20.	Certified Human Resources Auditor
21.	FKE Practical Class on Understanding HR Legal Compliance Audits at the Workplace
22.	Leadership Accelerator Program
23.	The Great Resignation: Are Africans Off the Hook?
24.	Transformative Change
25.	Master Personal Assistant Training
26.	Association of Kenya Medical Laboratory Scientific Officer's Conference
27.	HIV Pre and Post Test Counselling Training
28.	XXIV-EuroMedLab Congress
29.	Laundry Refresher Training
30.	ICD 11 Coding and Notification of Death Training
31.	Records and Information East Africa (RIMEA)
32.	25th Kenya Critical Care Nurses Annual Scientific Conference
33.	39th Perioperative Annual Conference
34.	Annual IPNET Kenya Conference
35.	Clinical Instructors Training
36.	Critical Care Nursing
37.	EPALS
38.	Infection Control Nurses Chapter Annual Scientific Conference
39.	Infection Prevention Control
40.	International Nurses Week
41.	Kenya ENT 30th Annual Scientific Conference
42.	Kenya International Cancer Conference
43.	Kenya Labour Laws and Industrial Relation
44.	Kracon Hybrid Conference 2022
45.	Mental Health in Unequal World
46.	National Cancer Stakeholders retreat
47.	National Nurses Association of Kenya Conference
48.	Oncology Nurses (ONC-K) Scientific Conference
49.	Palliative Care Course
50.	PALS Training
51.	Peri-Operative Nursing
52.	Radiation Protection Foundation Training
53.	Principles of Facilities Management
54.	Kenya Pharmaceutical Association (KPA)
55.	Pharmaceutical Society of Kenya (PSK) Conference
56.	East Africa Physiotherapy Scientific Conference
57.	Developing Specifications and Evaluation Criteria for Non-consulting Services using the Revised Standard Tender Documents
58.	RSSA/Philips Musculoskeletal MRI imaging training
59.	Nebosh Certification for Health
60.	Security Management Practitioner Training for Security Personnel (SMP)
61.	Certified Fraud Examiners and Certified Security Management
62.	Intermediate Defence Driving
63.	KUDHEIHA Training
64.	CFO Conference
65.	Catering Exposure Training
66.	Africa's Annual Customer Experience Conference
67.	The 29th Annual ICT Management Congress

Culture Transformation

In fostering a positive culture towards releasing a cohesive workforce, the hospital has employed various initiatives.

Townhalls

Management organizes for planned Hospital-wide meetings in which the focus is on management answering questions from employees making it a more open that paves way for proper communication.

In 2022, Management held two townhalls in 10th June 2022 & 21st December 2022 which saw most of our staff's concerns addressed.

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 2022-Stress Management in a fast-paced working environment.*
- ii. March 2023-Financial wellness, March 2023-Investment Talk.*
- iii. May 2023-Mental wellness campaigns on various dates.*
- iv. June 2023-Medication adherence in chronic disease management.*

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 as below.

Drills;

Area conducted	Date	Type	Remarks
Capital OPC	14/07/2022	Fire drill	Conducted
Southfield OPC	21/07/2022	Fire drill	Conducted
Main Hospital (East Wing)	16/02/2023	MCI (CBRN)	Conducted
Galleria OPC	08/03/2023	Fire drill	Conducted
Kiambu OPC	30/05/2023	Fire drill	Conducted
Rosslyn Riviera	31/05/2023	Fire drill	Conducted
Anderson & Kitchen block	30/06/2023	Fire drill	Conducted
Warwick	24/08/2023	Fire drill	Conducted

Leadership Forums

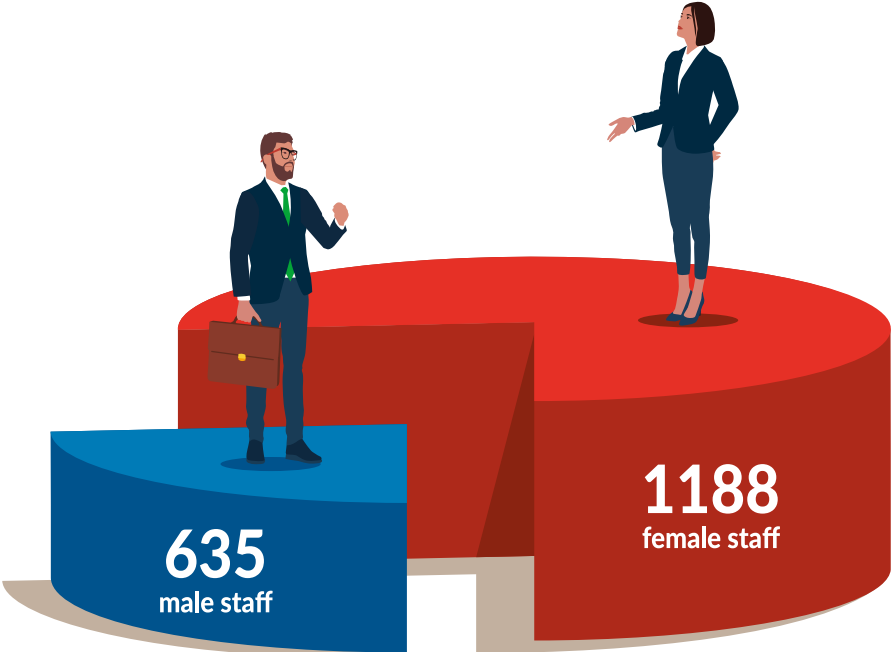
To ensure cross functional alignment to business goals and peer review of plan execution, Senior Management Team has held various forums to improve on collaboration.



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 1188 female staff and 635 male staff.





OPERATING STATISTICS

	2022	2021	Percentage change
MEMBERSHIP			
KHA members	2,379	2,434	-2%
	=====	=====	=====
HOSPITAL SERVICES			
Beds available	329	329	0%
Eastwing-UN TNH Hospital	135	135	0%
Patients admitted	14,673	15,352	-4%
Average bed occupancy	46%	54%	-14%
Total in-patient days	78,564	93,165	-16%
Average length of stay	5 days	5 days	
Overall Out-patient totals	155,154	145,251	7%
	=====	=====	=====
Operations performed			
<i>Main theatre</i>			
Major Operations	4,861	3,557	37%
Minor Operations	803	1,714	-53%
	-----	-----	-----
Total	5,664	5,271	7%
	-----	-----	-----
<i>Labour ward theatre</i>			
Major Operations	1,237	1,490	-17%
Minor Operations	278	270	3%
	-----	-----	-----
Total	1,515	1,760	-14%
	-----	-----	-----
<i>Day Surgery</i>			
Total DSU Operations	1599	1,143	40%
	-----	-----	-----
Details			
Births	2,917	3,224	-10%
Laboratory tests	620,622	729,138	-15%
Radiology services	74,830	81,001	-8%
Renal Unit Services	13,654	13,837	-1%
Endoscopy	6,523	5,572	17%
Rehabilitation services	71,162	89,580	-21%
Pharmacy prescriptions	523,385	554,824	-6%
Oncology	17,657	20,082	-12%
	=====	=====	=====

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management has the pleasure of submitting its annual report and the audited financial statements for the Kenya Hospital Association (the “Association”) for the year ended 31 December 2022, in accordance with the Kenyan Companies Act, 2015, which disclose the state of affairs of the Company.

Incorporation

The Company is incorporated under the Kenyan Companies Act as an 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 Deficit for the year of Sh 565 million has been transferred to the operating fund. The deficit position is primarily from decrease in bed occupancy at The United Nations Nairobi Hospital wing that dropped from 33% to 3% having been exclusively assigned for Covid 19 patients. In 2023 the same is being repurposed for other use. Our debtor’s collection efficiency has been addressed with our 2022 collections amounting to Sh 12.5 billion exceeding operating revenue.

The business recorded a decrease on its revenue of 7% to Sh 11.0 billion from Sh 11.8 billion the previous year. This was in the midst of a generally depressed macro environment and an equally challenging internal business environment especially for the health sector.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

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:

1	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.
2	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.
3	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.
4	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.
5	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.
6	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.

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

7 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.
8 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.
9 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.
10 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.
11 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 32-39.

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



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

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 and in the manner required by the Kenyan Companies Act, 2015. It also accepts responsibility for: 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; selecting suitable accounting policies and applying them consistently; and 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 1st August 2023 and signed on its behalf by



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



Hon. Dr. Chris M. N. Bichage
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 83 to 127, which comprise the statement of financial position as at 31 December 2022, 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 significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company Association as at 31 December 2022 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 report, 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.

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

Report on the Audit of the Financial Statements (Continued)

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. 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.

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

Report on the Audit of the Financial Statements (Continued)

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 75 to 78 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 September, 2023

**STATEMENT OF INCOME AND EXPENDITURE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Note	Sh'000	Sh'000
INCOME			
Operating Revenue	4	10,301,466	11,343,253
Finance Income	5(a)	268,197	190,524
Other Income	6	430,977	311,944
		-----	-----
TOTAL INCOME		11,000,640	11,845,721
		-----	-----
EXPENSES			
Direct Expenses	7(a)	(8,500,775)	(8,574,996)
Other Operating Expenses	7(b)	(3,224,376)	(2,779,154)
Expected Credit Losses	7(c)	236,317	(104,896)
Finance Costs	5(b)	(26,969)	460
Interest On Lease Liabilities	5(c)	(49,516)	(66,824)
		-----	-----
TOTAL EXPENSES		(11,565,319)	(11,525,410)
		-----	-----
(DEFICIT)/SURPLUS FOR THE YEAR		(564,679)	320,311
		=====	=====

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		2022	2021
	Note	Sh'000	Sh'000
ASSETS			
Non-current assets			
Property and equipment	10	10,509,589	10,809,190
Intangible assets	11	54,855	65,744
Right-of-use asset	12	300,444	393,415
		-----	-----
		10,864,888	11,268,349
		-----	-----
Current assets			
Inventories	13	736,134	975,349
Trade and other receivables	14	1,356,034	1,477,836
Fixed deposits	15(c)	1,391,497	1,939,461
Treasury bonds	16	1,191,388	355,422
Cash and bank balances	15(b)	255,173	66,054
		-----	-----
		4,930,226	4,814,122
		-----	-----
LIABILITIES			
Non-Current liabilities			
Lease liabilities	17	267,168	425,362
Deferred income	20	417,640	477,195
		-----	-----
		684,808	902,557
		-----	-----
Current liabilities			
Lease liabilities	17	141,829	69,598
Trade and other payables	18	2,714,017	2,286,018
Deferred income	20	64,713	69,872
		-----	-----
		2,920,559	2,425,488
		-----	-----
Net assets		12,189,747	12,754,426
		=====	=====

**STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2022**

		2022	2021
	Note	Sh'000	Sh'000
Fund balances			
Operating fund		1,680,158	1,945,236
Capital investment fund	19	10,509,589	10,809,190
		-----	-----
Total funds		12,189,747	12,754,426
		=====	=====

The financial statements on pages 83 to 127 were approved and authorized for issue by the Board of Management on 1st August 2023 and were signed on its behalf by:



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



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

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Operating Fund	Capital investment fund*	Total
	Sh'000	Sh'000	Sh'000
At 1 January 2021	1,169,362	11,264,753	12,434,115
Transfers to capital investment fund	455,563	(455,563)	-
Total comprehensive surplus for the year	320,311	-	320,311
	-----	-----	-----
At 31 December 2021	1,945,236	10,809,190	12,754,426
	=====	=====	=====
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
	=====	=====	=====

*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 2022

		2022	2021
	Note	Sh'000	Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		(564,679)	320,311
Total adjustments	15(a)	814,711	857,301
Total changes in working capital	15(a)	724,303	(783,515)
Interest Income received		268,197	190,524
		-----	-----
Net cash generated from operating activities		1,242,532	584,621
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	10	(612,522)	(387,941)
Purchase of intangible assets	11	-	(3,108)
Proceeds from disposal of property and equipment		2,092	5,606
Purchase of treasury bonds	19	(856,179)	(360,312)
		-----	-----
Net cash used in investing activities		(1,466,609)	(745,755)
		-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability	16	(134,769)	(143,174)
		-----	-----
Net cash outflow from financing activities		(134,769)	(143,174)
		-----	-----
INCREASE / (DECREASE) IN EQUIVALENTS CASH AND CASH		(358,845)	(304,308)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,005,515	2,309,823
		-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	15 (b)	1,646,670	2,005,515
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 ACCOUNTING POLICIES

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) 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 incomes 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 International Financial Reporting Standards (IFRSs)

Relevant new standards and amendments to published standards effective for the year ended 31 December 2022

Several new and revised standards and interpretations became effective during the year. The Board of Management has evaluated the impact of the new standards and interpretations and none of them had a significant impact on the Company's financial statements.

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

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.
IFRS 1 First-time Adoption of International Financial Reporting Standards

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

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Amendments to IFRS 3 business combinations – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The Company did not have any business combinations for which the date of acquisition falls during the year.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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

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

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

New and Amendments to standards	Effective for annual periods beginning on or after
Amendment to IFRS 10 and IAS28-Sales Contribution of Assets between an Investor and its Associate or Joint Venture	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	Annual periods beginning on or after 1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023

The Board of Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board. However, earlier application of the amendments is permitted. The Board of Management of the Company anticipates that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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

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

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the End of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2023. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

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

Amendments to IAS 8—Definition of Accounting Estimates

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

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

A change in accounting estimate that results from new information or new developments is not the correction of an error.

The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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

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

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

Early adoption of standards

The Company did not early-adopt any new or amended standards in the year ended 31 December 2022.

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

Revenue recognition

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

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 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

a) The Company as lessee (Continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

b) The Company as lessor (Continued)

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 recognised 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 recognised immediately in profit or loss.

Financial assets

All recognised 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 recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised 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 amortised 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 amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

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 recognised 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 recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified as profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised 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.

The Company has designated all investments in equity instruments that are not held for trading as FVTOCI on initial application of IFRS 9.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised 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 always recognises 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 recognises 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

Impairment of financial assets (Continued)

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, 12 month 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 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 there is objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

Trade receivables

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

Impairment of financial assets

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

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.

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 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

Definition of default

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

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

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company write-offs debt only when their objective evidence that the debt will not be recovered and after it has exhausted its collection avenues.

Measurement and recognition of expected credit losses

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

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

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

Financial liabilities

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

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

Trade payables

Trade payables are stated at their nominal value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

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.

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 as a result 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (Continued)

Leases (Continued)

Classification of financial instruments (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Key sources of estimation uncertainty (Continued)

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 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 credit impaired financial asset. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

Determination of discount rate

The Company on application of IFRS 16 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 2022 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-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 Bonds	16	Ba, Baa	12 months ECL	1,216,491	(25,103)	1,191,388
Fixed deposits	15(c)	Ba, Baa	12 months ECL	1,409,791	(18,294)	1,391,497
				-----	-----	-----
				5,462,496	(1,892,954)	3,569,542
				=====	=====	=====
31-Dec-21						
Trade receivables	14	Performing	Lifetime ECL (simplified approach)	2,701,075	(1,844,208)	856,867
Doctors' fees prepayment	14	Doubtful	Lifetime ECL (simplified approach)	417,567	(308,775)	108,792
Bank balances	15(b)	Ba, Baa	12 months ECL	65,862	(458)	65,404
Treasury Bond	16	Ba, Baa	12 months ECL	360,312	(4,890)	355,422
Fixed deposits	15(c)	Ba, Baa	12 months ECL	1,964,931	(25,470)	1,939,461
				-----	-----	-----
				5,509,747	(2,183,801)	3,325,946
				=====	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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 2022 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.

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 2022 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 2022					
Expected loss rate	25%	42%	96%	100%	68%
Gross carrying amount -trade receivables (Sh'000)	545,222	149,760	65,010	1,498,736	2,258,727
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
As at 31 December 2021					
Expected loss rate	31%	50%	91%	100%	61%
Gross carrying amount -Trade Receivables (Sh'000)	1,285,395	363,110	193,888	860,212	2,701,075
Exposure at default (Sh'000)	1,285,395	363,110	193,888	860,212	2,701,075
Loss allowance (Sh'000)	391,247	184,308	182,024	1,086,630	1,844,209

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
As at 31 December 2022					
Expected loss rate	40%	86%	100%	100%	97%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	(5,035)	(75,553)	(4,517)	403,545	318,439
Cash recovered from third parties	-	-	-	-	-
Exposure at default (Sh'000)	(5,035)	(75,553)	(4,517)	403,545	318,439
	-----	-----	-----	-----	-----
Loss allowance (Sh'000)	(5,035)	(75,553)	(4,517)	393,880	308,775
	=====	=====	=====	=====	=====
As at 31 December 2021					
Expected loss rate	100%	100%	100%	81%	80%
Gross carrying amount –Doctors' fees prepayments (Sh'000)	(1,945)	(5,258)	(2,171)	426,941	417,567
Cash recovered from third parties	-	-	-	(32,119)	(32,119)
Exposure at default (Sh'000)	(1,945)	(5,258)	(2,171)	394,821	385,447
	-----	-----	-----	-----	-----
Loss allowance (Sh'000)	(1,945)	(5,258)	(2,171)	318,150	308,775
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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
	'000	'000	'000
2022			
Bank and cash balances	102	1	18
Trade payables	(642)	-	(15)
	-----	-----	-----
Net position	(540)	1	3
	=====	=====	=====
2021			
Bank and cash balances	452	1	56
Trade payables	(1,142)	(2)	(15)
	-----	-----	-----
Net position	(690)	(1)	41
	=====	=====	=====

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

Market Risk (Continued)

(i) Foreign exchange risk (Continued)

	2022	2022	2021	2021
	Effect on surplus/loss	Effect on operating fund	Effect on surplus/loss	Effect on operating fund
Currency- US dollars				
+ 5 percentage point movement	(208)	659	0.2	0
-5 percentage point movement	228	(721)	(0.2)	(0)
	=====	=====	=====	=====
Currency-GB Pounds				
+ 5 percentage point movement	(179)	565	0.2	0
-5 percentage point movement	179	(565)	(0.2)	(0)
	=====	=====	=====	=====
Currency-Euro				
+ 5 percentage point movement	(196)	621	5	5
-5 percentage point movement	209	(661)	(5)	(5)
	=====	=====	=====	=====

(ii) Interest rate risk management

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate 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 trade payables:

	6 months or on demand	Between 6 months and 1 year	More than 1 year	Total
As at 31 December 2022	Sh'000	Sh'000	Sh'000	Sh'000
Trade payables	1,683,132	-	-	1,683,132
Lease liabilities	70,914	70,914	267,168	408,997
	-----	-----	-----	-----
	1,754,046	70,914	267,168	2,092,129
	=====	=====	=====	=====
As at 31 December 2021				
Trade payables	1,695,502	-	-	1,695,502
Lease liabilities	34,799	34,799	425,362	494,960
	-----	-----	-----	-----
	1,730,301	34,799	425,362	2,190,462
	=====	=====	=====	=====

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 Hospital did not have any borrowings as at 31 December 2022 and as at 31 December 2021. Fund balances comprise operating fund and capital investment fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OPERATING REVENUE

	2022	2021
	Sh '000'	Sh '000'
Medicine & Drugs	3,052,111	3,289,789
In-patient Bed Fees	1,441,194	1,532,057
Laboratory	2,082,799	2,370,515
Radiology	748,136	797,212
Surgical	1,152,059	1,425,127
Theatre	340,475	330,807
Accident & Emergency	732,029	750,535
Physical Medicine	305,442	375,755
Endoscopy & Oxygen	296,318	295,657
Cancer Care & Treatment	183,559	202,223
	-----	-----
	10,334,122	11,369,677
Less: Patient Discounts	(32,656)	(26,424)
	-----	-----
Total Operating Revenue	10,301,466	11,343,253
	=====	=====

5 a) FINANCE INCOME

	2022	2021
	Sh '000'	Sh '000'
Interest income earned on bank deposits - held to maturity	250,666	187,619
Interest income earned on the current accounts	17,531	2,905
	-----	-----
	268,197	190,524
	=====	=====

Interest income has been calculated using the effective Interest method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 b) NET FOREIGN EXCHANGE (GAIN)/LOSS

	2022	2021
	Sh '000'	Sh '000'
Foreign exchange gain	(9,333)	(36,226)
Foreign exchange loss	36,302	35,766
	-----	-----
	26,969	(460)
	=====	=====

c) INTEREST ON LEASE LIABILITIES

	2022	2021
	Sh '000'	Sh '000'
Interest on lease liabilities (note 16)	49,516	66,824
	=====	=====

6 OTHER INCOME

	2022	2021
	Sh '000'	Sh '000'
Rent	49,881	49,748
Miscellaneous income*	197,881	96,959
Laundry income	15,985	21,770
Parking income	14,672	14,498
Convention Centre Income	12,243	1,149
Bad debt recovery income	1,042	1,560
Health & Fitness centre income	1,830	-
Commission on doctor's fees**	14,911	11,603
Prompt payment income	4,011	244
Student fees – Nursing School	79,244	77,434
KHA members' subscriptions	11,116	9,256
Staff canteen sales	28,161	27,723
	-----	-----
	430,977	311,944
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 OTHER INCOME (Continued)

* Miscellaneous income is derived from tender fees, sale of empty containers, boxes and jerry cans, and requests for medical reports. It also includes write back of invoices having been booked in prior periods but not payable.

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

7 EXPENSES

(a) Direct expenses

	2022	2021
	Sh '000'	Sh '000'
Staff costs (note 9)	3,056,371	2,858,908
Medicine	1,896,947	2,045,689
Surgical material	1,064,789	1,164,708
Depreciation on right of use asset (note 12)	92,261	106,434
Laboratory material	587,706	664,665
X-ray & CT Scan material	47,983	49,009
Cathlab materials	28,472	47,634
Oxygen	8,502	99,254
Depreciation of property and equipment	647,859	669,480
Water, light & fuel	197,213	166,402
Impairment of property and equipment*	104,555	-
Repairs & maintenance	317,509	319,698
Catering & foodstuffs	198,025	139,678
Rent and rates	21,960	16,528
Cleaning services	71,326	66,628
Printing & stationery	120,892	101,800
Linen & laundry	19,681	32,107
Amortization of intangible assets	18,724	26,374
	-----	-----
	8,500,775	8,574,996
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 EXPENSES (Continued)

(b) Other operating expenses

	2022	2021
	Sh '000'	Sh '000'
Staff costs (note 9)	1,455,884	1,378,032
Directors' remuneration	72,073	51,208
Depreciation of property, plant and equipment	132,650	136,908
Repairs & renewals	98,342	83,649
General expenses	159,360	92,460
Water, light & fuel	131,476	110,935
Marketing & promotions	68,718	31,392
Catering & foodstuffs	77,010	54,319
Legal & professional	585,803	438,722
Printing & stationery	80,595	67,867
Cleaning services	47,551	44,419
Telephone & postage	13,285	13,545
Security charges	77,583	62,993
Insurance	41,061	40,142
Amortization of intangible assets	3,835	5,402
Bank charges	27,042	30,322
Audit fees	9,365	9,181
Credit card charges	26,507	33,638
Loss on disposal of assets	2,712	31,299
Rent and Rates	2,440	1,836
Transport	16,285	16,370
License fees	72,256	36,468
Accreditation expense	5,191	4,461
Strategy implementation expenses	17,352	3,586
	-----	-----
	3,224,376	2,779,154
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 EXPENSES (Continued)

(c) Expected credit losses

	2022	2021
	Sh '000'	Sh '000'
(Decrease)/increase in expected credit loss on receivables (note 14(b))***	(253,421)	77,945
(Decrease)/increase in expected credit loss on deposits (note 15(c))***	(7,176)	21,603
Increase in expected credit loss on Treasury Bonds (note 16)	20,213	4,890
Increase in expected credit loss on bank balances (note 15(b))	4,067	458
	-----	-----
	(236,317)	104,896
	=====	=====

8 (DEFICIT)/SURPLUS FOR THE YEAR

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

	2022	2021
	Sh '000'	Sh '000'
Staff costs (note 9)	4,512,255	4,236,940
Depreciation on property plant and equipment (note 10)	780,509	806,602
Amortization of computer software (note 11)	22,559	31,776
Audit fees	9,365	9,181
Expected credit losses (note 7c)	(236,317)	104,896
Depreciation on right of use asset (note 12)	92,261	106,434
Directors remuneration	72,073	51,208
Interest on lease liability (note 17)	49,516	66,824
	=====	=====

9 STAFF COSTS

	2022	2021
	Sh '000'	Sh '000'
Salaries & wages	3,698,040	3,532,509
Retirement benefits - defined contribution scheme	307,907	286,737
staff medical*	400,892	380,605
Staff welfare	7,282	3,507
Staff training	53,624	45,821
Staff uniforms	899	19,874
Group life & personal accident cover	37,253	42,136
Staff recruitment	1,817	793
Restructuring costs**	-	(79,730)
Social security contributions	4,541	4,688
	-----	-----
	4,512,255	4,236,940
	-----	-----
Classified as follows:		
Direct Expenses - note 7(a)	3,056,371	2,858,908
Operating expenses - 7(b)	1,455,884	1,378,032
	-----	-----
	4,512,255	4,236,940
	=====	=====

** Restructuring costs write back of Sh. 80m relates to unutilized restructuring costs in 2021.

*** Impairment write back on account of reduced exposure on balances held at the end of 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
10 PROPERTY AND EQUIPMENT

	Buildings Sh '000'	Leasehold improvements Sh '000'	Medical equipment Sh '000'	Furniture, fittings, and other equipment Sh '000'	Computers Sh '000'	Motor vehicles Sh '000'	Capital work in progress Sh '000'	Total Sh '000'
at 1st January 2021	8,849,911	708,338	4,125,834	2,370,366	524,140	73,861	812,745	17,465,195
Additions	294	-	220,487	20,747	13,423	-	132,990	387,941
Disposals	-	-	(148,395)	(104,631)	(1,922)	-	-	(254,948)
	-----	-----	-----	-----	-----	-----	-----	-----
at 31 December 2021	8,850,205	708,338	4,197,926	2,286,482	535,641	73,861	945,735	17,598,188
	-----	-----	-----	-----	-----	-----	-----	-----
at 1st 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 31st December 2022	9,026,124	708,338	4,394,981	2,328,930	558,772	89,184	929,933	18,036,262
	-----	-----	-----	-----	-----	-----	-----	-----

The Impairment allowance relate to provisions for Pediatric centre and water centre project under capital work in progress whose recoverable amount has reduced below the carrying cost in the statement of financial position.

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
	Sh '000'	Sh '000'	Sh '000'	Sh '000'	Sh '000'	Sh '000'	Sh '000'	Sh '000'
DEPRECIATION								
At 1 January 2021	1,331,291	430,785	2,751,591	1,268,380	361,796	56,599	-	6,200,442
Charge for the year	274,551	53,164	296,548	135,267	41,802	5,270	-	806,602
Disposals	-	-	(134,762)	(81,489)	(1,795)	-	-	(218,046)
At 31 December 2021	1,605,842	483,949	2,913,377	1,322,158	401,803	61,869	-	6,788,998
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
NET BOOK VALUE								
As at 31 December 2022	7,141,178	170,851	1,243,036	880,990	121,280	22,321	929,933	10,509,589
As at 31 December 2021	7,244,363	224,389	1,284,549	964,324	133,838	11,992	945,735	10,809,190

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 respectively. Capital work in progress represents costs incurred on various construction works being carried out under the hospital master plan. These include construction of central core/Western entrance, Pediatrics Centre, Power Centre and civil works.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2022	2021
	Sh '000	Sh '000
COST		
At 1 January	286,396	283,288
Additions	-	3,108
Transfers from property and equipment (note 10)	11,670	-
	-----	-----
At December	298,066	286,396
	-----	-----
AMORTISATION		
At 1 January	220,652	188,876
Charge for the year	22,559	31,776
	-----	-----
At 31 December	243,211	220,652
	-----	-----
NET BOOK VALUE		
At end of year	54,855	65,744
	=====	=====

12 RIGHT OF USE ASSET

	2022	2021
	Sh'000	Sh'000
COST		
At 1 January	675,471	640,331
Additions	-	45,704
Disposals	(710)	(10,564)
	-----	-----
	674,761	675,471
	-----	-----
DEPRECIATION		
At 1 January	282,056	178,752
Charge for the period	92,261	106,434
Disposal	-	(3,130)
	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 RIGHT OF USE ASSET (Continued)

	2022	2021
	Sh'000	Sh'000
At 31 December	374,317	282,056
	-----	-----
	-----	-----
NET BOOK VALUE		
At 31 December	300,444	393,415
	=====	=====

The Company leases office space. Information about the leases in which the Company is a lessee is presented below. Disposal relates to Aqua water leases converted to regular Utility contract due to its short-term nature.

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 profit and loss are as follows:

	2022	2021
	Sh '000'	Sh '000'
Depreciation on right of use asset	92,261	106,434
Interest on lease liabilities	49,516	66,824
Service charge expenses	22,137	16,242
Cash outflow for leases	(134,769)	(143,174)
	=====	=====

13 INVENTORIES

	2022	2021
	Sh '000	Sh '000
Pharmaceutical drugs and medicine	276,569	335,086
Surgical consumables	242,411	343,169
Laboratory materials	115,046	160,692
Other stores	89,805	94,112
Food and drinks	12,303	42,290
	-----	-----
	736,134	975,349
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 TRADE AND OTHER RECEIVABLES

(a) Analysis of trade and other receivables

	2022	2021
	Sh '000	Sh '000
Patient fees receivable	2,258,727	2,701,075
Other receivables	246,807	274,663
Prepayments-Others	377,093	237,514
Prepayments-Doctors	318,439	417,567
Expected credit losses-Patient fees receivable	(1,536,257)	(1,844,208)
Expected credit losses-Doctors prepayments	(308,775)	(308,775)
	-----	-----
	1,356,034	1,477,836
	=====	=====

(b) Movement in expected credit loss allowance accounts

	2022	2021
	Sh '000	Sh '000
At 1 January	2,152,983	2,075,038
(Decrease) / increase in expected credit losses (note 7(c))	(253,421)	77,945
Provisions write back during the year	(54,530)	-
	-----	-----
At 31 December	1,845,032	2,152,983
	=====	=====
Expected credit loss allowance -patient fees receivables	1,536,257	1,844,208
Expected credit loss allowance -doctors' prepayments	308,775	308,775
	-----	-----
	1,845,032	2,152,983
	=====	=====

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.

		2022	2021
	Note	Sh'000	Sh'000
(Deficit)/surplus for the year		(564,679)	320,311
Adjustments for:			
Depreciation on property and equipment	10	780,509	806,602
Depreciation on right of use asset	12	92,261	106,434
Amortization	11	22,559	31,776
Loss on disposal of equipment		2,299	31,299
Impairment of property and equipment	10	104,555	-
Impairment charge on treasury Bond	16	20,213	4,890
Interest in lease liability	17	49,516	66,824
Work in progress expense	10	10,996	-
Interest income	5(a)	(268,197)	(190,524)
		814,711	857,301
Working capital changes:			
Decrease/(increase) in inventories		239,214	(135,673)
Decrease in trade and other receivables		121,801	94,386
Increase in deferred income		-	12,793
Increase/(decrease) in trade and other payables		363,288	(755,021)
Total Changes in working capital		724,303	(783,515)
Cash generated from operations		974,335	394,097
(b) Analysis of cash and cash equivalents:			
Cash at hand		650	650
Bank balances		259,048	65,862
Provision for expected credit losses		(4,525)	(458)
		255,173	66,054
Movement in expected credit losses: At 1 January		458	-
Increase in expected credit losses (note 7(c))		4,067	458
At 31 December		4,525	458
For purposes of statement of cashflows, cash and cash equivalents comprise the below:			
Cash and bank balances		255,173	66,054
Fixed deposits (note 15(c))		1,391,497	1,939,461
		1,646,670	2,005,515

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Fixed deposit maturity details were as follows:

	2022	2021
	Sh'000	Sh'000
Maturing within three months	1,409,791	1,964,931
Provision for expected credit losses	(18,294)	(25,470)
	-----	-----
	1,391,497	1,939,461
	=====	=====
Movement in expected credit losses		
At 1 January	25,470	3,867
(Decrease) / increase in expected credit losses (note 7(c))	(7,176)	21,603
	-----	-----
At 31 December	18,294	25,470
	=====	=====

The short-term deposits are held with local financial institutions. The weighted average effective interest rate on the deposits as at 31 December 2022 was 8.78%, (2021 – 8.85%). The Government Infrastructure bonds are for an expected tenure of 20 years at an interest rate of 13.44%.

16 TREASURY BONDS

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

	2022	2021
	Sh'000	Sh'000
At 1st January	360,312	-
Purchases	856,179	360,312
Expected credit losses	(25,103)	(4,890)
	-----	-----
As at 31st December	1,191,388	355,422
	=====	=====
At 1 January	4,890	-
Increase in expected credit losses (note 7(c))	20,213	4,890
	-----	-----
At 31 December	25,103	4,890
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 LEASE LIABILITIES

The movement in the lease liabilities is as follows:

	2022	2021
	Sh'000	Sh'000
At 31 December 2021	494,960	533,038
Additions	-	45,705
Disposals	(710)	(7,433)
Interest on lease liabilities	49,516	66,824
Cash outflow for leases	(134,769)	(143,174)
	-----	-----
At 31 December	408,997	494,960
	=====	=====
Amounts due for settlement within 12 months	141,829	69,598
Amounts due for settlement after 12 months	267,168	425,362
	-----	-----
	408,997	494,960
	=====	=====
Maturity Analysis for lease liability plus interest		
Year 1	141,829	69,598
Year 2	128,955	161,669
Year 3	114,001	151,700
Year 4	62,865	136,746
Year 5	60,074	62,866
Year 6	-	60,073
	-----	-----
	507,724	642,652
	-----	-----
Less: Unearned Interest	98,727	147,692
	-----	-----
Net Lease liability	408,997	494,960
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 TRADE AND OTHER PAYABLES

	2022	2021
	Sh '000	Sh '000
Trade payables	1,683,132	1,695,502
Corporate deposits	84,835	111,784
Other payables	252,056	164,774
Accrued expenses	373,894	307,289
UN-TNH Obligations	2,493	6,669
Insurance Premium Financing	317,607	-
	-----	-----
	2,714,017	2,286,018
	=====	=====

The UN-TNH obligations relate to suppliers engaged for the joint UN TNH program. The Sh 2.5M represents funds payable to respective suppliers but specifically for the project.

19 CAPITAL INVESTMENT FUND

	2022	2021
	Sh '000	Sh '000
At 1st January	10,809,190	11,264,753
Transfer from operating fund	(299,601)	(455,563)
	-----	-----
At 31st December	10,509,589	10,809,190
	=====	=====
Represented by:		
Net book value of property and equipment (note 10)	10,509,589	10,809,190
	=====	=====

20 DEFERRED INCOME

	2022	2021
	Sh'000	Sh'000
At the beginning of the year	547,067	559,861
Received during the year	-	57,078
Amortization for the year	(64,714)	(69,872)
	-----	-----
At the end of the year	482,353	547,067
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 DEFERRED INCOME (Continued)

Deferred income will be amortized as follows:

Within 1 year

Within 2 and 5 years

After 5 years

	2022	2021
	Sh '000'	Sh '000'
Within 1 year	64,713	69,872
Within 2 and 5 years	129,427	139,747
After 5 years	288,213	337,448
	417,640	477,195
	482,353	547,067
	=====	=====

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

21 TAXATION

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

22 RELATED PARTY TRANSACTIONS

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

Board of management

Senior management

	2022	2021
	Sh '000'	Sh '000'
Board of management	72,073	51,208
Senior management	182,118	132,670
	254,191	183,878
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

	2022	2021
	Sh '000'	Sh '000'
Receivable within one year	82,139	79,511
Receivable between two and five years	246,418	238,534
	-----	-----
	328,557	318,045
	=====	=====

During the year Sh 49,881,130 (2021: Sh 49,747,693) 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.

	2022	2021
	Sh '000'	Sh '000'
Authorized and contracted for	993,790	594,322
Authorized but not contracted for	413,286	799,963
	=====	=====

b) Contingent liabilities

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

	2022	2021
	Sh '000'	Sh '000'
Pending lawsuits	330,859	177,584
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 COMMITMENTS AND CONTINGENCIES (Continued)

b) Contingent liabilities (Continued)

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 3,121,199, Euros 477,838 and Sh 37,429,262 respectively in the ordinary course of business from which the management does not anticipate any material loss.

In the ordinary course of business, on 26th 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. Following engagements through the Tax Appeals Tribunal, the tax authority has reviewed this assessment downwards to Sh. 403 million. The management disagrees with this opinion and has filed an objection with the Tax Appeal Tribunal within KRA.

25 KHA MEMBERSHIP

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

26 CURRENCY

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

27 EVENTS AFTER THE REPORTING DATE

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



HEIDELBERG
INGENIEUR



PROXY FORM

I, _____

of _____

being a member of the above-named Company 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 Company to be held on _____ 2023 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 2023

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 Company.

*Western Entrance
Project in Progress*





THE NAIROBI HOSPITAL

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

