

GERTRUDE'S HOSPITAL FOUNDATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2020

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Gertrude's Hospital Foundation
Foundation information
For the year ended 31st July 2020

Trustees

Mr Leslie James Baillie*
Mr Terence Michael Davidson*
Mr Bimalroy Chhotalal Shah
Dr Robert Orina Nyarango
Ms Mwihaki Kimura Muraguri

*British

Registered office

Gertrude's Hospital Foundation
Muthaiga Road
P.O. Box 42325 - 00100
Nairobi,
Kenya.

Independent auditor

RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre,
Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606
Nairobi,
Kenya.

Principal bankers

Absa Bank Kenya Plc
Muthaiga Branch
P.O. Box 39990- 00623
Nairobi,
Kenya.

KCB Bank Kenya Limited
Moi Avenue
P.O. Box 30081 - 00100
Nairobi,
Kenya.

Standard Chartered Bank Kenya Limited
Muthaiga Branch
P.O. Box 64355 - 00620
Nairobi,
Kenya.

NCBA Bank Kenya Plc
NCBA Head Office, Upper hill
P.O. Box 44599 - 00100
Nairobi,
Kenya.

The trustees submit their report together with the audited financial statements for the year ended 31st July 2020.

Incorporation

The Foundation is domiciled in Kenya where it is incorporated under the Land (Perpetual Succession) Ordinance Cap 146 as a Foundation. The address of the registered office is set out on page 1.

Trustees

The trustees who held office during the year and to the date of this report are set out on page 1.

Principal activities

The principal activity of the Foundation is to raise and utilise funds for public charitable purposes and projects to increase access to high quality medical care and provide financial assistance primarily to children in need, to support scientific research, develop community projects to promote better health and well-being of Kenyan residents and support all aspects of the work of the Founder (Registered Trustees of Gertrude's Garden known as Gertrude's Children's Hospital).

Business review

The Foundation's income for the year is KSh 66,100,084 translating to 9% drop compared to 2019 at KSh 72,536,186. This was mainly due to the Drugs for Neglected Diseases Initiative (DNDi) program being implemented at the Sunshine Smiles clinic coming to an end, as well as the Nanyuki outreach program sponsored by Children's Health and Development in Kenya (CHADIK). The year was characterised by implementation of various programs, such as the USAID's Afya Jijini program to provide family-centered paediatric and adolescent HIV testing, care & treatment in low income settlement areas in Nairobi county, the Githogoro outreach clinic operations which are supported by PharmAccess Foundation and the National Hospital Insurance Fund (NHIF) capitation program and the Childhood Cancer Diagnosis and Treatment program was also implemented in Nyeri, Nakuru, Garissa and Mombasa counties, in partnership with the Ministry of Health and Kenya Childhood Cancer Trust.

The funds for this cancer program were raised through a charity event, that is the 29th Annual Charity Golf Tournament that was held in September 2019. The 2nd Annual Charity Walk that was to be held in June 2020 was postponed due to the ongoing COVID-19 pandemic. The heart surgery program was supported by Shah Ranmal Raja Charitable Trust. Gertrude's Children's Hospital remained the largest donor to the Foundation. Additional partner projects were funded by Smile Train International, Paediatric AIDS Treatment for Africa (PATA), British Society for Paediatric Endocrinology and Diabetes (BSPED) and International Society for Pediatric and Adolescent Diabetes (ISPAD). In the following financial year, the Foundation shall continue to focus on fundraising for the establishment of a childhood cancer centre, as well as the heart surgery program.

Statement as to disclosure to the Foundation's auditor

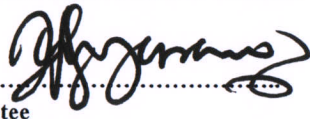
With respect to each trustee at the time this report was approved:

- (a) there is, so far as the trustee is aware, no relevant audit information of which the Foundation's auditor is unaware; and
- (b) the trustee has taken all the steps that the trustee ought to have taken as a trustee so as to be aware of any relevant audit information and to establish that the Foundation's auditor is aware of that information.

Terms of appointment of the auditor

The trustees approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 260,000 has been charged to statement of income and expenditure in the year.

By order of the Board of Trustees


.....
Trustee

Nairobi *15th February* 2021

Gertrude's Hospital Foundation
Statement of trustees' responsibilities
For the year ended 31st July 2020

The trustees are required in terms of the Trust Deed to prepare financial statements for each financial year that give a true and fair view of the financial position of the Foundation as at the end of the financial year and of its surplus or deficit for that year. The trustees are also required to ensure that the trust keeps proper accounting records that: (a) show and explain the transactions of the trust; (b) disclose, with reasonable accuracy, the financial position of the trust; and (c) enable the trustees to ensure that every financial statement required to be prepared complies with the requirements of the Trust Deed.

The trustees accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards. They also accept responsibility for:

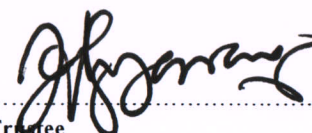
- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
-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

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

The trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Trustees on 14th February 2021 and signed on its behalf by:


.....
Trustee


.....
Trustee

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF GERTRUDE'S HOSPITAL FOUNDATION****Opinion**

We have audited the accompanying financial statements of Gertrude's Hospital Foundation, ("the Foundation") set out on pages 6 to 17, which comprise the balance sheet as at 31st July 2020, the statement of income and expenditure and statements of changes in accumulated funds and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31st July 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The trustees are responsible for the other information. Other information comprises the information included in the Annual Report, but 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, 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.

Trustees' responsibility for the financial statements

The trustees are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the trustees determine is 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 trustees are responsible for assessing the Foundation'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 trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF GERTRUDE'S HOSPITAL FOUNDATION (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

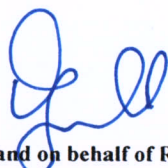
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 judgement and maintain professional scepticism 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 Foundation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the trustee'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Elvis Ogeto, Practising Certificate No. 2303.



for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

15 February 2021
092/2021

Gertrude's Hospital Foundation
Financial statements
For the year ended 31st July 2020

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh	2019 KSh
Donations received	4	58,963,836	68,578,288
Other income	5	<u>7,136,248</u>	<u>3,957,898</u>
		66,100,084	72,536,186
Specific funded projects		(45,869,000)	(60,620,248)
Community projects		(7,135,606)	(5,317,108)
Hospital harambee patients		(6,293,190)	(2,475,518)
Other expenses		<u>(4,943,992)</u>	<u>(267,508)</u>
Surplus for the year		<u><u>1,858,296</u></u>	<u><u>3,855,804</u></u>

Gertrude's Hospital Foundation
Financial statements
For the year ended 31st July 2020

BALANCE SHEET AT 31ST JULY 2020

	Note	2020 KSh	2019 KSh
FUND BALANCES			
Accumulated funds		90,671,495	88,813,199
Total fund balances		<u>90,671,495</u>	<u>88,813,199</u>
REPRESENTED BY			
Current assets			
Inventories	6	167,036	-
Cash at bank	7	101,769,101	112,610,913
Other receivables	8	8,272,307	15,454,617
		<u>110,208,444</u>	<u>128,065,530</u>
Current liabilities			
Other payables	9	9,735,576	29,861,131
Deferred income	10	9,801,373	9,391,200
		<u>19,536,949</u>	<u>39,252,331</u>
Net current assets		<u>90,671,495</u>	<u>88,813,199</u>
		<u>90,671,495</u>	<u>88,813,199</u>

The financial statements on pages 6 to 17 were authorised for issue by the Board of Trustees on 15th February, 2021 and were signed on its behalf by:

.....
Trustee

.....
Trustee

Gertrude's Hospital Foundation
Financial statements
For the year ended 31st July 2020

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31ST JULY 2020

	Accumulated funds KSh	Total KSh
At 1st August 2018	84,957,395	84,957,395
Changes in accumulated fund in 2019		
Surplus for the year	<u>3,855,804</u>	<u>3,855,804</u>
At 31st July 2019	<u>88,813,199</u>	<u>88,813,199</u>
At 1st August 2019	88,813,199	88,813,199
Changes in accumulated fund in 2020		
Surplus for the year	<u>1,858,296</u>	<u>1,858,296</u>
At 31st July 2020	<u>90,671,495</u>	<u>90,671,495</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2020

	Note	2020 KSh	2019 KSh
Cash flows from operating activities			
Surplus for the year		1,858,296	3,855,804
Adjustments for:			
Interest income	5	<u>(7,136,248)</u>	<u>(3,957,898)</u>
Operating deficit before working capital changes		(5,277,952)	(102,094)
Increase in inventories		(167,036)	-
Decrease/(increase) in other receivables		7,182,310	(15,454,617)
(Decrease)/increase in other payables		<u>(19,715,382)</u>	<u>30,181,949</u>
Cash (used in)/generated from operations		(17,978,060)	14,625,238
Interest received	5	<u>7,136,248</u>	<u>3,957,898</u>
Net cash (used in)/generated from operating activities		<u>(10,841,812)</u>	<u>18,583,136</u>
Net (decrease)/increase in cash and cash equivalents		(10,841,812)	18,583,136
Cash and cash equivalents at start of year		<u>112,610,913</u>	<u>94,027,777</u>
Cash and cash equivalents at end of year	7	<u><u>101,769,101</u></u>	<u><u>112,610,913</u></u>

NOTES

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings (KSh), which is also the functional currency (see (c) below).

The financial statements comprise a statement of income and expenditure, balance sheet (statement of financial position), statement of changes in accumulated funds, statement of cash flows, and notes. Income and expenses are recognised in the statement of income and expenditure.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

b) New and revised standards

i) Adoption of new and revised standards

A number of amendments to standards became effective for the first time in the financial year beginning 1st August 2019 and have been adopted by the Foundation. None of them has had an effect on the Foundation's financial statements.

ii) New and revised standards that have been issued but are not yet effective

The Foundation has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st August 2019, and the trustees do not plan to apply any of them until they become effective. Note 12 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Foundation's financial statements in the period of initial application.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Foundation operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the statement of income and expenditure account in the year in which they arise.

d) Revenue recognition

Income is measured at the fair value of the consideration received or receivable and represents the amounts receivable.

The Foundation's income is in form of donations. Donations are recognised when received.

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.

e) Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Foundation becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Foundation commits itself to the purchase or sale.

Classification

The Foundation classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at **amortised cost**.
- ii) Financial liabilities are classified and measured at fair value through profit or loss. The Foundation may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions and other receivables were classified at amortised cost.
- Other liabilities were classified as at amortised cost.

Initial measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, and exchange gains and losses on monetary items are recognised in profit or loss.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

NOTES (CONTINUED)

1. Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Foundation has transferred substantially all risks and rewards of ownership, or when the Foundation has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Provisions for liabilities

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Significant judgements and key sources of estimation uncertainty

No significant judgements have had to be made by the trustees in preparing these financial statements.

3. Risk management objectives and policies

a) Financial risk management

The Foundation's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Foundation's overall risk management policies are set out by the trustees and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Foundation's performance by setting acceptable levels of risk. The Foundation does not hedge against any risks.

i) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on an entity-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The foundation carries out its own assessment of credit risk before investing and updates such assessments at each reporting date.

NOTES (CONTINUED)

3. Risk management objectives and policies

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the foundation considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due, except for National Hospital Insurance Fund (NHIF) whose credit period is 150 days.

If the foundation does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)			Total
		(a)	(b)	(c)	
At 31st July 2020	KSh	KSh	KSh	KSh	KSh
Other receivables	7,466,124	-	-	-	7,466,124
Cash at bank and in hand	101,769,101	-	-	-	101,769,101
Gross carrying amount	109,235,225	-	-	-	109,235,225
Loss allowance	-	-	-	-	-
Exposure to credit risk	109,235,225	-	-	-	109,235,225
At 31st July 2019					
Other receivables	13,666,500	-	-	-	13,666,500
Cash at bank and in hand	112,610,913	-	-	-	112,610,913
Gross carrying amount	126,277,413	-	-	-	126,277,413
Loss allowance	-	-	-	-	-
Exposure to credit risk	126,277,413	-	-	-	126,277,413

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit
- (b) financial assets that are credit impaired at the balance sheet date;
- (c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

NOTES (CONTINUED)

3. Risk management objectives and policies (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The age analysis of other receivables at the end of each year was as follows:

	Not past due KSh	30 to 90 KSh	90 days past KSh	Total KSh
At 31st July 2020	7,466,124	-	-	7,466,124
At 31st July 2019	13,666,500	-	-	13,666,500

There was no loss allowance during the year.

ii) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The trustees have developed a risk management framework for the management of the Foundation's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Foundation manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month KSh	Between 1-3 months KSh	Between 3-12 months KSh	Over 1 year KSh
31st July 2020				
Due to related party	-	-	9,475,576	-
Other payables	-	260,000	-	-
	-	260,000	9,475,576	-
31st July 2019				
Due to related party	-	-	29,611,131	-
Other payables	-	250,000	-	-
	-	250,000	29,611,131	-

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises two types of risks: currency risk and interest rate risk. The Foundation is not exposed to this risk.

b) Capital management

The Foundation's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its owners. The Foundation is not subject to any external capital requirements.

NOTES (CONTINUED)

	2020	2019
	KSh	KSh
4. Donations received		
Gertrude's Children's Hospital donation	18,000,000	22,450,000
Gertrude's Annual Charity Golf Tournament	5,545,420	6,886,480
Gertrude's Hospital Tender	-	2,250,001
TOTO Fund	-	336,687
Partnerships	1,695,117	3,167,431
Pharm Access Foundation	-	4,049,577
Smile Train International	2,679,219	2,843,572
Children Health and Development in Kenya	973,650	1,933,575
PATA	460,343	363,358
DNDi Research	552,508	3,740,885
County Innovation Challenge Fund	-	(18,582)
Paediatric Endocrinology Training Centre for Africa (PETCA)	914,084	219,682
USAID Afya Jijini Program	7,666,712	3,191,520
NHIF Outreach Clinics program	3,519,600	13,666,500
Annual Charity walk	1,252,730	3,218,106
Cardiac Program	2,500,000	279,496
PharmAccess Foundation – Smiles Program	13,204,453	-
	<u>58,963,836</u>	<u>68,578,288</u>
5. Other income		
Interest income	<u>7,136,248</u>	<u>3,957,898</u>
6. Inventories		
Drugs	<u>167,036</u>	<u>-</u>
7. Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank	35,700,370	45,546,233
Deposits with financial institutions	<u>66,068,731</u>	<u>67,064,680</u>
	<u>101,769,101</u>	<u>112,610,913</u>
8. Other receivables		
Receivable from National Health Insurance Fund	3,519,600	13,666,500
Receivable from donors	3,946,524	-
Interest receivable	<u>806,183</u>	<u>1,788,117</u>
	<u>8,272,307</u>	<u>15,454,617</u>
9. Other payables		
Due to related party (Note 11)	9,475,576	29,611,131
Audit fee accrual	<u>260,000</u>	<u>250,000</u>
	<u>9,735,576</u>	<u>29,861,131</u>

NOTES (CONTINUED)

	2020 KSh	2019 KSh
10. Deferred income	<u>9,801,373</u>	<u>9,391,200</u>

The deferred income relates to a grant from Elma Foundation to support expenses incurred for paediatric nurses and paediatric critical care nurses. As of the year end, the grant had not been utilised.

11. Related party transactions

The following balances were payable to Gertrude's Children's Hospital as at the year end.

Due to related party (Note 9)	<u>9,475,576</u>	<u>29,611,131</u>
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12. New and revised financial reporting standards

The Foundation has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st August 2019.

Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)

The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

IFRS 17 *Insurance Contracts* (issued in May 2017)

The new standard, effective for annual periods beginning on or after 1st January 2021, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Foundation does not issue insurance contracts.

Amendments to IFRS 3 titled *Definition of a Business* (issued in October 2018)

The amendments, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st January 2020 and to asset acquisitions that occur on or after the beginning of that period, clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

Amendments to IAS 1 and IAS 8 titled *Definition of Material* (issued in October 2018)

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

Amendments to IFRS 9, IAS 39 and IFRS 7 titled *Interest Rate Benchmark Reform* (issued in September 2019)

The amendments, applicable to annual periods beginning on or after 1 January 2020, modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the IBOR reform. The amendments also require companies to provide additional information about their hedging relationships which are directly affected by these uncertainties.

Gertrude's Hospital Foundation
Financial statements
For the year ended 31st July 2020

SCHEDULE OF EXPENSES

	2020	2019
	KSh	KSh
Specific funded projects		
Smile Train International	2,884,957	3,336,448
CHADIK	947,000	1,717,500
Cardiac Program	2,000,000	337,963
Partnership expenses	6,384,040	361,866
PharmAccess Foundation - Sunshine wallet	-	89,200
Volunteers Foundation	290,821	511,863
DNDi Research	1,080,114	1,967,630
County Innovation Challenge Fund	-	605,720
PharmAccess Foundation - Smiles wallet	29,746,469	37,869,466
Paediatric Endocrinology Training Centre for Africa (PETCA)	2,172,679	2,073,793
PATA program expenses	277,920	284,000
USAID Afya Jijini Program	85,000	11,464,799
	<u>45,869,000</u>	<u>60,620,248</u>
Community projects		
Social welfare support	2,500	1,600
Medical camps	240,971	137,280
Health promotion	185,660	81,780
School health program	41,667	10,000
Annual charity golf tournament	1,001,184	1,928,490
Annual charity walk	5,203,624	2,147,175
Community health workers	180,000	-
Support community based clinic	280,000	1,010,783
	<u>7,135,606</u>	<u>5,317,108</u>
Hospital harambee patients		
Outpatient harambee cases	411,296	52,352
Smile Train - bed and outpatient	624,342	427,005
Inpatient harambee cases	5,257,552	1,996,161
	<u>6,293,190</u>	<u>2,475,518</u>
Other expenses		
Bank charges	715,013	96,462
Exchange loss/(gain)	410,173	(98,954)
Audit fees		
- Current year	260,000	250,000
- Under provision in prior year	47,734	-
Withholding tax expenses	-	20,000
Professional fees	2,616,059	-
Tender expenses	809,413	-
Rotary expenses	85,600	-
	<u>4,943,992</u>	<u>267,508</u>