GERTRUDE'S HOSPITAL FOUNDATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2021

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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CONTENTS

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 2021.

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 82,916,739 translating to a 25% increase from 2019 at KSh 66,100,084. This is attributed to an increase in donations received from various donors such as: The Elma Foundation in the implementation of the paediatric nursing and critical care training program of 94 nurses across the country; PharmAccess Foundation for support in the operations of the Githogoro outreach clinic, British Society for Paediatric Endocrinology and Diabetes (BISPED) and International Society for Paediatric and Adolescent Diabetes (ISPAD) for the fellowship training of Paediatricians in Endocrinology across eastern and central Africa; M-PESA Foundation for the Daktari Smart telemedicine program which is being implemented in six counties namely, Samburu, Baringo, Homabay, Kitui, Kilifi and Lamu; and Smile Train International for the sponsorship of children requiring cleft repair.

The year was also characterized by implementation of various programs such as: 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 heart surgery program supported by Shah Ranmal Raja Charitable Trust. Gertrude's Children's Hospital continued to donate to Gertrude's Hospital Foundation during the year. UAP Old Mutual Foundation donated PPEs worth KSh 2.8 million to the hospital. Positive Action Committee for Kids (PACK) donated KSh 2 million towards the cancer treatment program. Additional partner projects were funded by DNDi Research, Children's Health & Development in Kenya (CHADIK) and the Toto Fund. The foundation's charity events, namely, the 30th Annual Charity Golf Tournament and the 2nd Annual Charity Walk, were postponed due to the ongoing COVID-19 pandemic.

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 270,000 has been charged to statement of income and expenditure in the year.

By order of the Board of Trustees

....

Trustee

Nairobi ..08th......Nov.... **2021**

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 08th November, 2021 and signed on its behalf by:

Trustee **Trustee**

RSM Eastern Africa LLP
Certified Public Accountants

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Off Waiyaki Way, Westlands
P. O. Box 349 - 00606, Nairobi, Kenya

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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 2021, 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 2021 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.

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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

8 November 2021

413/2021

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh	2020 KSh
Donations received	4	77,524,526	58,963,836
Other income	5	5,392,213	7,136,248
		82,916,739	66,100,084
Specific funded projects		(72,490,884)	(45,869,000)
Community projects		(8,977,025)	(7,135,606)
Hospital harambee patients		(8,048,598)	(6,293,190)
Other expenses		(1,080,406)	(4,943,992)
(Deficit)/surplus for the year		(7,680,174)	1,858,296

BALANCE SHEET AT 31ST JULY 2021

	Note	2021 KSh	2020 KSh
FUND BALANCES			
Accumulated funds		82,991,321	90,671,495
Total fund balances		82,991,321	90,671,495
REPRESENTED BY			
Current assets			
Inventories	6	152,420	167,036
Cash at bank	7	117,438,849	101,769,101
Other receivables	8	16,541,365	8,272,307
		134,132,634	110,208,444
Current liabilities			
Other payables	9	29,654,771	9,735,576
Deferred income	10	21,486,542	9,801,373
		51,141,313	19,536,949
Net current assets		82,991,321	90,671,495
		82,991,321	90,671,495

The financial statements on pages 6 to 17 were authorised for issue by the Board of Trustees on 08th Nov ...... 2021 and were signed on its behalf by:

....
Trustee

....
Trustee

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 31ST JULY 2021

	Accumulated funds KSh	Total KSh
At 1st August 2019	88,813,199	88,813,199
Changes in accumulated fund in 2020		
Surplus for the year	1,858,296	1,858,296
At 31st July 2020	90,671,495	90,671,495
At 1st August 2020	90,671,495	90,671,495
Changes in accumulated fund in 2021		
Deficit for the year	(7,680,174)	(7,680,174)
At 31st July 2021	82,991,321	82,991,321

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2021

	Note	2021 KSh	2020 KSh
Cash flows from operating activities			
(Deficit)/surplus for the year		(7,680,174)	1,858,296
Adjustments for:			
Interest income	5	(4,973,509)	(7,136,248)
Operating deficit before working capital changes		(12,653,683)	(5,277,952)
Decrease/(increase) in:			
Inventories		14,616	(167,036)
Other receivables		(8,269,058)	7,182,310
Increase/(decrease) in:			
Other payables		19,919,195	(20,125,555)
Deferred income		11,685,169	410,173
Cash generated from/(used in) from operations		10,696,239	(17,978,060)
Interest received		4,973,509	7,136,248
Net cash generated from/(used in) from operating activities		15,669,748	(10,841,812)
Net increase/(decrease) in cash and cash equivalents		15,669,748	(10,841,812)
Cash and cash equivalents at start of year		101,769,101	112,610,913
Cash and cash equivalents at end of year	7	117,438,849	101,769,101

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 2020 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 2020, 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. The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

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 armotised 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 the statement of income and expenditure.

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 Foundation's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Foundation 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

In the process of applying the accounting policies adopted by the Foundation, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

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

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) Impairment losses

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

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 a 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 (continued)

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 Foundation 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 purpose 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 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)			
		(a)	(b)	(c)	Total
At 31st July 2021	KSh	KSh	KSh	KSh	KSh
Other receivables	20,060,965	-	-	-	20,060,965
Cash at bank and in hand	117,438,849	-	-	-	117,438,849
Gross carrying amount	137,499,814	-	-	-	137,499,814
Loss allowance	(3,519,600)	-	-	-	(3,519,600)
Exposure to credit risk	133,980,214	-	-	-	133,980,214
At 31st July 2020					
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

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; and
(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	30 to 90 days past due	90 days past due	Total
	KSh	KSh	KSh	KSh
At 31st July 2021	16,219,100	-	3,841,865	20,060,965
At 31st July 2020	7,466,124	-	-	7,466,124

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note above)			
		(a)	(b)	(c)	Total
	KSh	KSh	KSh	KSh	KSh
Year ended 31st July 2021					
At start of year	-	-	-	-	-
Changes arising from receivables originated during the year	-	-	-	(3,519,600)	(3,519,600)
At end of year	-	-	-	(3,519,600)	(3,519,600)

The Foundation does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

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.

31st July 2020	Less than one month KSh	Between 1-3 months KSh	Between 3-12 months KSh	Over 1 year KSh
Due to related party	-	-	29,384,771	-
Other payables	-	270,000	-	-
	-	270,000	29,384,771	-
Due to related party	-	-	9,475,576	-
Other payables	-	260,000	-	-
	-	260,000	9,475,576	-

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)

	2021 KSh	2020 KSh
4. Donations received		
Elma Foundation	26,600,600	-
PharmAccess Foundation – Smiles Program	14,819,092	13,204,453
Gertrude's Children's Hospital donation	10,000,000	18,000,000
Paediatric Endocrinology Training Centre for Africa (PETCA)	5,314,305	914,084
USAID Afya Jijini Program	4,546,669	7,666,712
Smile Train International	3,974,964	2,679,219
MPESA Foundation	3,161,458	-
Partnerships	2,613,984	1,695,117
Cardiac Program	2,500,000	2,500,000
Cancer Fund	2,000,000	-
DNDi Research	573,432	552,508
Children's Health and Development in Kenya (CHADIK)	505,266	973,650
TOTO Fund	447,491	-
NHIF Outreach Clinics program	322,265	3,519,600
Gertrude's Annual Charity Golf Tournament	100,000	5,545,420
Annual Charity walk	45,000	1,252,730
PATA	-	460,343
	77,524,526	58,963,836

5. Other income

	2021 KSh	2020 KSh
Interest income	4,973,509	7,136,248
Miscellaneous income	418,704	-
	5,392,213	7,136,248

6. Inventories

	2021 KSh	2020 KSh
Drugs	152,420	167,036

7. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2021 KSh	2020 KSh
Cash at bank	46,153,398	35,700,370
Deposits with financial institutions	71,285,451	66,068,731
	117,438,849	101,769,101

8. Other receivables

	2021 KSh	2020 KSh
Receivable from National Heath Insurance Fund	3,841,865	3,519,600
Less: provision for expected credit losses (see Note 3)	(3,519,600)	-
Net other receivables	322,265	3,519,600
Receivable from donors	16,219,100	3,946,524
Interest receivable	-	806,183
	16,541,365	8,272,307

9. Other payables

	2021 KSh	2020 KSh
Due to related party (Note 11)	29,384,771	9,475,576
Audit fee accrual	270,000	260,000
	29,654,771	9,735,576

NOTES (CONTINUED)

	2021	2020
10. Deferred income	**KSh**	**KSh**
MPESA Foundation	21,486,542	9,801,373

The deferred income relates to a grant from Mpesa Foundation to implement teleAfya program. 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)	29,384,771	9,475,576

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 2020.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)
The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)
The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)
The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

IFRS 17 *Insurance Contracts* (issued in May 2017)
The new standard, effective for annual periods beginning on or after 1st January 2023, 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 Company does not issue insurance contracts.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)
The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

SCHEDULE OF EXPENSES

	2021 KSh	2020 KSh
Specific funded projects		
PharmAccess Foundation - Smiles wallet	29,405,580	29,746,469
ELMA Foundation	26,600,600	-
Smile Train International	5,517,628	2,884,957
MPESA Foundation - Telemedicine expenses	3,161,457	-
Cardiac Program	2,390,000	2,000,000
Paediatric Endocrinology Training Centre for Africa (PETCA)	2,142,016	2,172,679
DNDi Research	1,370,732	1,080,114
USAID Afya Jijini Program	1,041,961	85,000
Partnership expenses	775,210	6,384,040
PATA program expenses	74,100	277,920
Volunteers Foundation	11,600	290,821
CHADIK	-	947,000
	72,490,884	45,869,000
Community projects		
NHIF outreach program	3,620,780	-
Annual charity walk	2,737,160	5,203,624
Annual charity golf tournament	1,845,073	1,001,184
Support community based clinic	480,000	280,000
Community health workers	270,000	180,000
School health program	14,500	41,667
Social welfare support	4,900	2,500
Medical camps	2,500	240,971
Health promotion	2,112	185,660
	8,977,025	7,135,606
Hospital harambee patients		
Outpatient harambee cases	1,142,453	411,296
Smile Train - bed and outpatient	1,344,728	624,342
Inpatient harambee cases	5,561,417	5,257,552
	8,048,598	6,293,190
Other expenses		
Bank charges	62,245	715,013
Exchange loss	-	410,173
Audit fees		
- Current year	270,000	260,000
- Under provision in prior year	-	47,734
Professional fees	525,163	2,616,059
Rotary expenses	222,998	85,600
Tender expenses	-	809,413
	1,080,406	4,943,992