



AIC KIJABE HOSPITAL

FINANCIAL STATEMENTS

31ST DECEMBER 2014

AUDITORS

Kiguru & Associates

(Certified Public Accountants)

Lower Hill Duplex Apt, Upper Hill Road,

PO BOX 41532 (00100)

NAIROBI

Tel 2712086/7

AIC KIJABE HOSPITAL

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014

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AIC KIJABE HOSPITAL

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS:

Rev. Simon K. Muhota	-	Chairman
Dr. B.N. Waitara	-	Vice Chairman
Mrs. Mary N. Muchendu	-	Secretary
Mr. John Nyamu	-	Treasurer
Mr. Samuel N. Mwaura	-	Member
Mrs. Mary N. Murimi	-	Member
Mrs. Mercy N. Kuria	-	Member
Rev. Paul Manyara	-	Member
Rev. Peter Kimani	-	Member
Mr. Justus Marete	-	Member
Rev. Bedan K. Muiruri	-	Member
Mr. Joshua Tonui	-	Member
Dr. Mardi Steere	-	Member
Dr. Stephen Njuguna	-	Member
Mrs. Grace M. Maina	-	Member
Mr. Patrick Kundu	-	Member
Mr. Peter Kyalo	-	Member
Dr. Eric Hansen	-	Member

SENIOR MANAGEMENT TEAM:

Mrs. Mary Muchendu	-	Executive Director
Mr. Samuel Mwaura	-	Finance Director
Dr. Mardi Steere	-	Medical Director
Dr. Peter Nthumba	-	Education & Research Director
Rev. Geoffrey K Ndivo	-	Spiritual Affairs Manager
Dr. Erik Hansen	-	Medical Director – Bkkh
Mrs. Anne Mulwa	-	Administrative Director – Bkkh
Mrs. Grace Maina	-	Director of Nursing Services
Mr. Charles Thiong’o	-	Director Human Resource
Mr. Sharma Kiteme	-	Hospital Engineer
Mrs. Peris Kariuki	-	Principal – Kijabe Collage of Health Science

AUDITORS:

Kiguru & Associates.
Lower hill Duplex Apt, Suite 15
Upper hill Road
P.O BOX 41532 – 00100
NAIROBI.

REGISTERED OFFICE:

AIC Kijabe Hospital
Nairobi – Naivasha Road
P.O BOX 20 – 00200
KIJABE

PRINCIPAL PLACE OF BUSINESS:

AIC Kijabe Hospital
Nairobi –Naivasha Road
P.O BOX 20 – 00200
KIJABE

AIC KIJABE HOSPITAL

DIRECTORS AND PROFESSIONAL ADVISORS

BANKERS:

Kenya Commercial Bank
Limuru Branch
P.O BOX 933 – 00217
LIMURU, KENYA.

Citi Bank N.A
Citibank House, Upper hill Road
P.O BOX 30711 -00100
NAIROBI, KENYA.

AIM Finance
P.O BOX 21010 – 00505
NAIROBI, KENYA.

Equity Bank Limited
Kimende Branch
P.O.Box 245-00221
MATATHIA, KENYA

TD BANK
C/O SUSTAINED ACTS INC
640 WOODBROOK DR
AMBLER PA 19002
U.S.A

AIC KIJABE HOSPITAL

REPORT OF THE BOARD OF GOVERNORS

The Board of Governors submits their report together with the audited financial statements for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES

To continue the healing ministry of our Lord Jesus Christ by minimizing suffering, restoring and maintaining health and promoting professional excellence and Christian commitment in order to provide quality, affordable and accessible health care.

RESULTS

	2014 Kshs	2013 Kshs
Surplus for the year	14,416,317	4,436,552
Add Exceptional item	-	32,958,851
Net Surplus for the period	<u>14,416,317</u>	<u>37,395,402</u>

AUDITORS

Kiguru & associates were reappointed during the year and having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Kenyan Companies Act (Cap. 486)

Nairobi, Kenya

By order of the Board

Date

Chairman

AIC KIJABE HOSPITAL

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

The Board of Governors is required to prepare financial statements, which give a true and fair view of the state of affairs of the hospital as at the end of the financial year ended 31st December 2014 and of the operating results of the hospital for that year. The board is also required to ensure the hospital keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hospital. They are also responsible for safeguarding the assets of the hospital.

The Board of Governors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Generally Accepted Accounting Principles and where applicable the International Financial Reporting Standards for Small and Medium – sized Entities. The Board of Governors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the hospital and of its operating results. The Board of Governors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

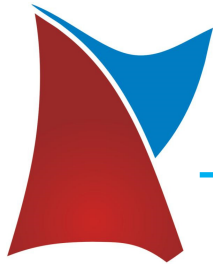
Nothing has come to the attention of the Board of Governors to indicate that the hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Chairman

Date

Executive Director

Date



Kiguru & Associates

Certified Public Accountants

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF GOVERNORS AIC KIJABE HOSPITAL

We have audited the accompanying financial statements of AIC Kijabe Hospital, which comprise the statement of financial position as at 31st December 2014 and the statement of income and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Boards' Responsibility for the Financial Statements

The Board of Governors is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and where applicable the International Financial Reporting Standards for Small and Medium – sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the hospital's preparation and fair presentation of the financial statement 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 hospital's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the hospital officials, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AIC Kijabe Hospital as at 31st December 2014 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles and for Small and Medium – sized Entities.

Kiguru & Associates
Certified Public Accountants

CPA David Kiguru
Practicing Certificate No. 1338

.....2015

Lower hill Duplex Apt, Suite 15, Upperhill Road | P. O. Box 41532 - 00100, GPO,

Tel: (+254) 020 271 2086 -7 / **Fax:** 020 2733 443

Email: audit@kiguru.com / **URL:** www.kiguru.com

PIN: A002242091K/ **VAT:** 0126517S

AIC KIJABE HOSPITAL

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	2014 Kshs	2013 Kshs
INCOME			
Patients Revenue	3	788,914,870	724,712,747
Donated Staff Services Income	4	151,207,788	161,635,917
Other Income	5	36,106,081	30,801,777
		<hr/>	<hr/>
Total Income		976,228,739	917,150,441
		<hr/>	<hr/>
EXPENDITURE			
Staff Costs	Appendix I	(380,185,220)	(350,594,353)
Supplies	Appendix II	(254,161,750)	(230,788,125)
Donated Staff Services costs	Appendix III	(151,283,679)	(161,635,916)
Administrative expense	Appendix IV	(55,499,580)	(56,529,306)
Establishment expenses	Appendix V	(55,628,940)	(46,745,689)
Other Operating expenses	Appendix VI	(65,053,253)	(66,420,500)
		<hr/>	<hr/>
		(961,812,422)	(912,713,889)
		<hr/>	<hr/>
Surplus for the year		14,416,317	4,436,552
Add Exceptional item		-	32,958,851
		<hr/>	<hr/>
Net Surplus for the period		14,416,317	37,395,403
		=====	=====

Exceptional Item relates to the funds from the Government of Kenya in the year for the treatment of IDPs affected by PEV of 2007/2008 that were received in the year 2013.

AIC KIJABE HOSPITAL

STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER 2014

	Notes	2014 Kshs	2013 Kshs
NON-CURRENT ASSETS			
Property, plant and equipment	2d &6	630,572,473	612,243,578
Work-in-progress	7	1,463,243	6,414,220
Equity Investments	2i &8	11,479,271	10,906,015
		<u>643,514,987</u>	<u>629,563,813</u>
CURRENT ASSETS			
Inventories	2f &9	41,184,251	30,342,446
Trade receivables	2i &10	124,345,719	79,870,875
Cash and cash equivalents	2e&11	173,668,991	139,820,539
		<u>339,198,961</u>	<u>250,033,860</u>
TOTAL ASSETS		<u>982,713,948</u>	<u>879,597,673</u>
FUND BALANCES			
Property & Equipment Fund	13	632,035,716	618,657,798
Reserves	14	42,219,412	41,181,014
Designated funds	15	110,708,372	87,693,582
		<u>784,963,500</u>	<u>747,532,394</u>
CURRENT LIABILITIES			
Trade and other payables	2e &12	197,750,448	132,065,279
		<u>197,750,448</u>	<u>132,065,279</u>
TOTAL FUNDS & LIABILITIES		<u>982,713,948</u>	<u>879,597,673</u>

The financial statements were approved by the board of directors and were signed on its behalf by:

Chairman

Date

Executive Director

Date

AIC KIJABE HOSPITAL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2014

	2014 Kshs	2013 Kshs
OPERATING ACTIVITIES		
Surplus for the year transferred to reserves	14,416,317	4,436,552
Exceptional Item transferred to reserves	-	32,958,851
Depreciation	35,687,157	28,990,285
(Gain) on Asset disposal	-	(2,070,000)
Investment (Gain)	(890,722)	(1,111,974)
Transfer from/ (to) designated funds	6,414,220	(8,168,191)
	<hr/>	<hr/>
Cash flows before working capital changes	55,626,972	55,035,523
(Increase) in inventories	(10,841,805)	(7,373,600)
(Increase) /decrease in trade receivables	(34,255,265)	6,561,730
(Increase) in other receivables	(10,219,579)	(2,172,421)
Increase/ (decrease) in payables	65,685,169	(12,745,882)
	<hr/>	<hr/>
Net cash flows generated from operating activities	65,995,492	39,305,350
INVESTING ACTIVITIES		
Purchase of property & equipment	(51,336,651)	(11,845,037)
Transfer from designated funds	(4,142,644)	-
Investment Gain	890,722	1,111,974
Equity Investments	(573,257)	(1,111,974)
Proceeds from Asset disposal	-	2,070,000
	<hr/>	<hr/>
Net cash flows (used in) investing activities	(55,161,830)	(9,775,037)
FINANCING ACTIVITIES		
Increase in designated funds	23,014,790	39,853,818
	<hr/>	<hr/>
Net cash flows generated from financing activities	23,014,790	39,853,818
	<hr/>	<hr/>
Net increase in cash and cash equivalents	33,848,452	69,384,131
Cash and cash equivalent at the beginning of the year	139,820,539	70,436,408
	<hr/>	<hr/>
Cash and cash equivalent at the end of the year (note 11)	173,668,991	139,820,539
	<hr/> <hr/>	<hr/> <hr/>

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

1. GENERAL INFORMATION

AIC Kijabe Hospital operates under the Africa Inland Church. It is registered under the Medical Practitioners and Dentists Act as a private medical institution and is domiciled in Kenya. The address of its registered office and principal place of business is set out on page 2. The principal activity of the Hospital is shown on page 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) **Basis of preparation**

These financial statements are prepared in accordance with Generally Accepted Accounting Principles and where applicable the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board under the historical cost convention.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles and where applicable the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Hospital's accounting policies.

The Hospital makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) **Income recognition**

Donations and gifts are recognized when received.

(c) **Transactions in foreign currencies**

Transactions in foreign currency are converted into Kenya Shillings at the rate of exchange ruling on the date of the transactions. Assets and liabilities at the Statement of Financial position date, which are expressed in foreign currency, are translated into Kenya shillings at the rate of exchange ruling at that date.

(d) **Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual value using the straight line method. The following annual rates are used for depreciation of property and equipment:

Buildings	2.5%
Equipment	12.5%
Motor vehicles	25%
Computers	30%

(e) **Cash and cash equivalents**

For the purpose of the Statement of Cash flows, cash equivalents include cash at hand and in the bank.

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost and net realizable value is the estimate of the selling price in the ordinary course of business less the selling expense. Weighted average method for valuation was used.

(g) Retirement benefit obligations

The Hospital operates a defined contribution staff retirement benefit scheme for its employees. The scheme is administered by CFC Life Assurance Company Limited and is funded by contributions from both the institution and employees. The Hospital contributions to the defined contribution retirement benefit scheme are charged to the income and expenditure account in the year to which they relate.

The Hospital also contributes to a statutory defined contribution pension scheme, the National Social Security Fund. The contributions are determined by Kenyan statutes and are currently limited to Kshs. 200 per employee per month. The hospital's contributions to the above scheme are charged to the income and expenditure account in the year to which they relate.

(h) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorized at fair value through statement of income), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in statement of income and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognised.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which Section 27 of IFRSs for SMEs - Impairment of Assets; does not apply, are reviewed at the end of each reporting period for impairment. When there is an indication that the assets might be impaired, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in statement of income immediately

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in statement of income immediately.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

(i) **Financial instruments**

Financial instruments are recognised in the statements of financial position when the Hospital has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Hospital has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through statement of income, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) *Financial Assets*

The Hospital classifies its financial assets in the following categories: at fair value through statement of income, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

- *Loans and Receivables Financial Assets*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the other reporting period. They are classified as non-current assets. The Hospital loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of financial position.

- *Available-for-sale Financial Assets*

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

(ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through statement of income.

Fair value through statement of income category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

3. REVENUE

	2014 Kshs	2013 Kshs
Patient Care	682,920,592	619,364,240
Marira Clinic Income	9,534,922	8,516,609
Naivasha Clinic Income	15,982,898	26,419,095
BKKH Patient Care	34,850,454	31,700,875
School of Nursing fees	45,626,004	38,711,928
	<u>788,914,870</u>	<u>724,712,747</u>
	=====	=====

4. DONATED STAFF SERVICES

	2014 Kshs	2013 Kshs
Donated Services	74,029,232	74,029,232
BKKH Donated Staff Costs	32,843,783	48,887,942
AR Chap Naivasha Donor Funding	17,184,690	-
AR Chap Donor Funding	27,150,083	38,718,743
	<u>151,207,788</u>	<u>161,635,917</u>
	=====	=====

5. OTHER INCOME

	2014 Kshs	2013 Kshs
Exchange gain	2,645,015	2,501,528
Bad Debt recovered	2,029,010	1,226,476
Gain in Value of Investments	890,722	1,111,974
Gain on Disposal	-	2,070,000
Donations	706,423	1,169,219
Other income	3,577,647	2,925,955
Interest income	8,504,696	2,914,223
Housing Income	11,505,038	13,151,228
Transport Income	6,247,530	3,731,174
	<u>36,106,081</u>	<u>30,801,777</u>
	=====	=====

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

6. PROPERTY AND EQUIPMENT

	Freehold Land	Buildings	Equipments	Motor Vehicles	Computers	Total
	Kshs. Nil	Kshs. 2.5%	Kshs. 12.5%	Kshs. 25%	Kshs 30%	Kshs
Cost/Valuation						
At 01-01-14	12,039,620	646,432,467	97,551,178	17,657,557	10,458,524	784,139,346
Additions	3,035,892	18,526,919	29,773,841	-	-	51,336,651
Transfer from WIP	-	2,679,401	-	-	-	2,679,401
At 31-12-14	<u>15,075,512</u>	<u>667,638,787</u>	<u>127,325,019</u>	<u>17,657,557</u>	<u>10,458,524</u>	<u>838,155,398</u>
Depreciation						
At 01-01-14	-	102,919,065	47,168,288	12,636,722	9,171,693	171,895,768
Charge for the year	-	16,690,970	15,915,627	2,087,848	992,713	35,687,157
At 31-12-14	<u>-</u>	<u>119,610,035</u>	<u>63,083,915</u>	<u>14,724,570</u>	<u>10,164,406</u>	<u>207,582,925</u>
Net Book Value						
At 31-12-14	<u>15,075,512</u>	<u>548,028,752</u>	<u>64,241,104</u>	<u>2,932,987</u>	<u>294,118</u>	<u>630,572,473</u>
	=====	=====	=====	=====	=====	=====
Cost/Valuation						
At 01-01-13	12,039,620	627,165,793	90,401,301	16,226,998	10,124,216	755,957,928
Additions	-	11,098,483	7,149,877	3,380,559	334,308	21,963,227
Disposal	-	-	-	(1,950,000)	-	(1,950,000)
Transfer from WIP	-	8,168,191	-	-	-	8,168,191
At 31-12-13	<u>12,039,620</u>	<u>646,432,467</u>	<u>97,551,178</u>	<u>17,657,557</u>	<u>10,458,524</u>	<u>784,139,346</u>
Depreciation						
At 01-01-13	-	86,758,253	34,974,391	11,852,154	9,320,685	142,905,483
Charge for the year	-	16,160,812	12,193,897	4,167,069	1,913,041	34,434,819
On disposal	-	-	-	(1,987,500)	-	(1,987,500)
On Write Offs	-	-	-	(1,395,001)	(2,062,033)	(3,457,034)
At 31-12-13	<u>-</u>	<u>102,919,065</u>	<u>47,168,288</u>	<u>12,636,722</u>	<u>9,171,693</u>	<u>171,895,768</u>
Net Book Value						
At 31-12-13	<u>12,039,620</u>	<u>543,513,402</u>	<u>50,382,890</u>	<u>5,020,835</u>	<u>1,286,831</u>	<u>612,243,578</u>
	=====	=====	=====	=====	=====	=====
At 31-12-12	<u>12,039,620</u>	<u>627,165,793</u>	<u>90,401,301</u>	<u>16,226,998</u>	<u>10,124,216</u>	<u>755,597,928</u>
	=====	=====	=====	=====	=====	=====

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

6. PROPERTY AND EQUIPMENT (Continued)

The land on which the staff and missionary houses and hospital buildings stand belongs to the Africa Inland Church.

The staff and missionary houses were professionally valued in November 2006 by independent valuers on the basis of open market value. Equipment in the houses has been capitalized in the financial statements at management valuation.

The main hospital buildings were also professionally valued in December 2007 by independent valuers on the basis of open market value. The additional buildings for the year were for the E.N.T and Hiv TB Clinic buildings that were completed during the year. During the year we also constructed a 6000M³ Water storage tank at a cost of kshs.15, 848,738.

Freehold land relates to the Marira and Naivasha health centre land. During the year the hospital acquired one acre plot at Gichiengo to build an OPD clinic to decongest the main hospital.

Motor Vehicles relates to the hospital owned vehicle as per the log books which are physically on the site.

During the year the hospital installed CCTV equipment worth kshs 3,944,451 for 24 hrs surveillance to enhance the hospital security. We also acquired an X-R 6000 X-ray machine for quality imaging in our radiology department at a cost of kshs.21, 594,648.

7. WORK IN PROGRESS

	2014 Kshs	2013 Kshs
Balance at 1 st January	6,414,220	8,168,191
Transfer from designated fund	4,142,644	10,541,837
Adjust for building capitalized in 2013	(6,414,220)	-
Transfer to property and equipment	(2,679,401)	(12,295,808)
Balance at 31 st December	<u>1,463,243</u>	<u>6,414,220</u>
	=====	=====

Work in progress relates to Storage Qh building which was under construction.

8. EQUITY INVESTMENTS

	2014 Kshs	2013 Kshs
Eveready Co. Ltd. (1,700 shares @ Kshs. 3.80)	6,460	5,355
Africa Alliance managed fund	9,598,463	8,651,443
Ken Gen Bonds – Dyer and Briar	1,874,348	2,249,217
Equity held for sale at fair market value	<u>11,479,271</u>	<u>10,906,015</u>
	=====	=====

9. INVENTORIES

	2014 Kshs	2013 Kshs
Medical	34,388,883	23,758,189
Construction	4,308,919	3,667,517
Others	2,486,449	2,916,740
	<u>41,184,251</u>	<u>30,342,446</u>
	=====	=====

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

10. TRADE RECEIVABLES

	2014 Kshs	2013 Kshs
Individuals	66,645,787	61,385,528
Corporate	79,628,827	41,599,931
	<u>146,274,614</u>	<u>102,985,459</u>
Allowance for doubtful debts	(52,927,381)	(46,180,068)
Bad debts written off	(20,960,394)	(18,673,817)
	<u>72,386,839</u>	<u>38,131,574</u>
	=====	=====

The growth of 8.5% in the individual debtors was as a result of the increased cases of indigent patients. The corporate client increased by 91.4% as a result of the increase in the number of companies and insurance seeking for credit facilities with the hospital. Their initial deposit has been treated as other payables amounting to kshs. 2.56m. As a result of this provision for doubtful debts increased with the same margin of 14%. The debt recovery on individual debtors also proved futile though persistent follow ups and thus debts that are three years and above were written off during the year thus raising bad debts written off by 12.24%.

OTHER RECEIVABLES

	2014 Kshs	2013 Kshs
Kijabe School of Nursing students	25,050,570	20,715,513
Missionaries account	4,454,648	4,491,125
Staff account	2,263,990	2,491,714
Bethany Kids at Kijabe Hospital (BKKH) A/C	4,812,982	7,859,463
Sundry receivables	15,376,690	6,181,486
	<u>51,958,880</u>	<u>41,739,301</u>
	=====	=====
TOTAL TRADE & OTHER RECEIVABLES	<u>124,345,719</u>	<u>79,870,875</u>
	=====	=====

11. CASH AND CASH EQUIVALENTS

	2014 Kshs	2013 Kshs
Current accounts	69,142,949	43,340,308
Savings account	2,564,657	3,237,723
Pension account	3,638	468,638
Designated funds accounts	21,044,381	40,121,202
Cash in hand	1,528,506	1,370,598
	<u>94,284,131</u>	<u>88,538,469</u>
Fixed and Calls deposits	79,384,860	51,282,070
	<u>173,668,991</u>	<u>139,820,539</u>
	=====	=====

Fixed and call deposits are designated funds that have been invested through ABC Bank Ltd for a period of 6 months to 1 year with an interest of 10% pa as we awaits the start of the designated projects.

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

12. TRADE AND OTHER PAYABLES

	2014 Kshs	2013 Kshs
Trade payables	32,137,259	23,634,452
Salaries*	5,579,139	2,136,752
Pension	468,638	468,638
Provision for accrued gratuity	20,372,764	19,238,764
KSN accrued fees	10,354,500	14,156,483
Missionary accounts	833,095	827,126
Staff accounts	1,433,802	590,793
Sundry payables*	123,960,522	57,833,052
KSN students	1,761,640	12,596,051
Bethany Kids at Kijabe Hospital	849,088	583,168
	<u>197,750,447</u>	<u>132,065,279</u>
	=====	=====

*The salaries payable comprises of the December 2014 statutory deductions remitted during the month of January 2015 and NSSF deduction awaiting the court decision for management to act upon.

*The increase in Sundry payables comprises of increase in patient deposit and HIV training deposit to cater for the 2015 training activities.

13. PROPERTY AND EQUIPMENT FUND

	2014 Kshs	2013 Kshs
Balance as at 1 st January	618,657,798	621,220,636
Transfer from general fund	32,809,733	7,484,185
Transfer from designated fund	21,206,320	12,529,042
Transfer to general fund	(35,687,157)	(28,990,285)
Work in progress	(4,950,977)	6,414,220
Balance as at 31 st December	<u>632,035,717</u>	<u>618,657,798</u>
	=====	=====

Property and equipment fund represents funds invested in the net book value of property and equipment and are therefore not available for any other use.

14. RESERVES

	Contingent <u>Fund</u> Kshs	General <u>Fund</u> Kshs	<u>Total</u> Kshs
Balance as at 1 st January 2013	9,950,000	(15,141,447)	(5,191,447)
Surplus for the year	-	4,436,552	4,436,552
Exceptional Item	-	32,958,851	32,958,851
Transfer to property & equipment fund	-	(7,484,185)	(7,484,185)
Transfer from property & equipment fund	-	28,990,285	28,990,285
Transfer to designated funds	-	(12,529,042)	(12,529,042)
Balance as at 31 st December 2013	<u>9,950,000</u>	<u>31,231,014</u>	<u>41,181,014</u>
	=====	=====	=====

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

14. RESERVES

	<u>Contingent Fund</u> Kshs	<u>General Fund</u> Kshs	<u>Total</u> Kshs
Balance as at 1 st January 2014	9,950,000	31,231,014	41,181,014
Surplus for the year	-	14,416,317	14,416,317
Work in progress	-	4,950,977	4,950,977
Transfer to property & equipment fund	-	(32,809,733)	(32,809,733)
Transfer from property & equipment fund	-	35,687,157	35,687,157
Transfer to designated funds	-	(21,206,320)	(21,206,320)
Balance as at 31 st December 2014	<u>9,950,000</u> =====	<u>32,269,412</u> =====	<u>42,219,411</u> =====

The contingent fund represents funds set aside for contingency purposes while general fund represents cumulative results realized from general operations.

15. DESIGNATED FUNDS

	<u>Opening Balance</u> Kshs	<u>Receipts</u> Kshs	<u>Payments</u> Kshs	<u>Closing Balance</u> Kshs
Capital	21,468,416	301,998	23,036,133	44,202,551
Housing	9,743,152	-	-	9,743,152
Medical staff	4,435,876	-	12,000	4,447,876
Chaplaincy	303,805	240,490	218,882	282,197
KSN	8,599,527	2,134,508	3,698,934	10,163,953
External funds	43,142,807	1,814,818	540,654	41,868,643
	<u>87,693,583</u> =====	<u>4,491,814</u> =====	<u>27,506,603</u> =====	<u>110,708,372</u> =====

Designated funds are used for the restricted purposes shown above.

16. TAX

The hospital operates under the Africa Inland Church Health Ministry.

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

	2014 Kshs	2013 Kshs	
STAFF COSTS EXPENSES			Appendix I
KH Wages and benefits*	335,979,159	309,366,382	
Provision for accrued gratuity	1,998,000	4,734,356	
Training	6,112,360	4,384,170	
KSN Staff Wages and benefits	12,851,192	10,084,323	
NMC Staff Wages and benefits	14,131,713	12,204,829	
MMC Staff Wages and benefits	4,521,043	3,734,664	
Transport Staff Wages and benefits	2,288,574	3,200,565	
Housing Staff Wages and benefits	2,303,178	2,885,064	
Total Staff Costs Expenses	<u>380,185,220</u>	<u>350,594,353</u>	

*The increase in the KH Wages and benefits of 8.6% was due to implementation of a CBA for union employees during the year. We also had a lot of infrastructural upgrade projects that were carried out internally that contributed to the overall growth in the wage bill.

SUPPLIES EXPENSES			Appendix II
KH Medical Supplies	244,169,653	221,717,066	
Freight and travel	1,495,343	927,019	
MMC Medical Supplies expense	1,492,473	1,521,830	
NMC Medical Supplies expense	1,531,190	5,388,081	
Transport Supplies expenses	3,853,576	25,305	
Housing Supplies expenses	1,619,515	1,208,824	
Total Medical Supplies Expenses	<u>254,161,750</u>	<u>230,788,125</u>	

DONATED STAFF EXPENSES			Appendix III
Donated Staff services expenses	74,029,232	74,029,231	
BKKH Donated Staff Costs expenses	32,843,783	48,887,942	
AR Chap Naivasha Donor Expenses	17,184,591	-	
AR Chap Kijabe donor expenses	27,226,073	38,718,743	
Total Donated expenses	<u>151,283,679</u>	<u>161,635,916</u>	

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

	2014 Kshs	2013 Kshs	
ADMINISTRATIVE EXPENSES			Appendix IV
KH Administration expenses	31,503,087	30,252,075	
MMC Administrative expense	446,964	553,043	
NMC Administrative expense	3,217,542	4,362,384	
Transport Admin expenses	736,496	3,232,575	
Housing Admin expenses	2,953,185	1,864,743	
KSN Admin office expense	2,523,917	1,693,276	
KSN Room and boarding at away	11,528,776	11,314,282	
KSN Student travel	-	876,969	
KSN Student book purchases	1,163,109	778,159	
KSN Supplies	1,426,504	1,601,800	
Total administrative expenses	<u>55,499,580</u>	<u>56,529,306</u>	
ESTABLISHMENT EXPENSES			Appendix V
KSN Equipment expenses	31,205	-	
KSN Repairs and maintenance	60,320	229,179	
KH Repairs and maintenance	6,345,256	5,513,872	
KH Equipment expenses	6,011,783	2,852,126	
Depreciation	35,687,157	28,990,285	
MMC Repairs and maintenance	6,000	1,500	
MMC Equipment expenses	7,500	-	
NMC Repairs and maintenance	1,500	68,610	
NMC Equipment expenses	41,550	-	
Housing Repairs and maintenance	3,394,749	4,275,000	
Housing Equipment expenses	7,000	-	
Transport Repairs and maintenance	6,500	296,250	
Transport Equipment expenses	4,028,420	4,518,867	
Total establishment expenses	<u>55,628,940</u>	<u>46,745,689</u>	
OTHER OPERATING EXPENSES			Appendix VI
Utilities	37,345,547	37,848,059	
Bad debts and charitable write-offs	20,960,393	22,678,498	
Provision for doubtful debts	6,747,313	5,893,943	
Total other operating expenses	<u>65,053,253</u>	<u>66,420,500</u>	
Total expenditure for the year	<u>961,812,422</u> =====	<u>912,713,889</u> =====	

AIC KIJABE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014 (Cont')

ADDITIONAL PARTNERS SUPPORT INFORMATION

PATIENT BILL COVERED BY PARTNERS IN THE YEAR ENDED 31ST DECEMBER 2014

	2014	2013
	Kshs	Kshs
Watsi through Hospital Support Organization	8,374,749	5,491,622
KH Needy Children's Funds c/o Dr. Jennifer Myle	4,143,180	3,204,171
General Patient Poor Funds c/o Dr. Rich Davis	100,054	377,226
Orthopedics Poor fund c/o Dr. Michael Maara	802,314	392,789
Breast Cancer c/o Dr. Peter Bird	151,951	60,333
N.H.I.F (General Patient)	110,359,711	104,286,600
N.H.I.F (Civil Servants Scheme)	17,163,254	5,354,052

OTHERS PATNERS IN THE HEALTH SECTOR.

PAACS General Surgery Training (Residents stipend and up-keep)	7,161,272	5,337,144
Newborn Community Health (Community outreach and training)	5,728,723	5,687,465
Bee Keeping for HIV patients (Empowerment program)	481,145	501,450
HIV Teens Camp (Mentorship Program)	1,246,093	729,435
Empowerment for Community health workers)	2,353,188	2,737,835
Anesthesia CME (Continuous professional development Empowerment)	1,157,393	549,000
Intra-Health c/o Funzo (Health workers training)	1,395,304	5,262,574