CANCER CARE KENYA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2022

CONTENTS

Board of directors	Dr. Najmudin Esmail Adamali Dr. Peter Wainaina Kamau Mrs. Anne Cherono Ruguti Dr. Milcah N. Wambugu
Company Secretary	Strategic Registrars Certified Public Secretaries P.O. Box 42213-00100 Nairobi Kenya
Registered office	HCG CCK Cancer Centre, Shivachi Road, Parklands, P.O. Box 39112-00800 Nairobi
Independent Auditor	Five Elements Advisory Certified Public Accountants 1st Floor, Block B, Spring Valley Business Park, P.O. Box 13684-00800 Nairobi Kenya
Principal bankers	Kenya Commercial Bank Limited Sarit Centre Branch P.O. Box 14959-00800 Nairobi Kenya

The board of directors submit their report together with the audited financial statements for the year ended 31st March 2022 which disclose the state of affairs of the entity.

Incorporation

The entity is domiciled in Kenya where it is registered under the Kenyan Companies Act. The address of the registered office is set out on page 1.

Principal activities

The principal activities of the entity is provision of cancer treatment services. The entity is a daycare facility currently offering medical oncology and radiation therapy to cancer patients.The entity is part of Health Care Group (HCG) India which is one of the largest private cancer care facility offering comprehensive cancer diagnosis and treatment facilities for radiation, therapy, medical oncology and surgery.

Results and dividends

The loss for the year of Shs. 83,602,223 (2021: Shs. 43,343,871) has been added to retained earnings.
No dividend has been declared during the year.

The board of directors

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

Statement as to disclosure to the entity's auditor

With respect to the board at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the entity's auditor is unware; and

(b) the person has taken all the steps that the person ought to have taken as a trustee so as to be aware of any relevant audit information and to establish that the entity's auditor is aware of that information

Terms of appointment of the auditor

Five Elements Advisory were appointed as the auditor during the year and have expressed their willingness to continue in office in accordance with the company's Article of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and related fees. The agreed auditor's renumeration of Kshs. 375,000 plus VAT has been charged to the profit and loss in the year.

By order of the board

....
Director

Nairobi 29th June **2022**

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Enterprises and in the manner required by the Kenyan Companies Act, 2015. 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 entity's ability to continue as a going concern, the board of directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

The Board of directors acknowledges that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by board of directors on 29th June 2022 and signed on its behalf by:

....
Director **Director**

FIVE ELEMENTS ADVISORY
Certified Public Accountants
1st Floor, Block B, Spring Valley Business Park
Nairobi, Kenya
P.O. Box: 13684 - 00800

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CANCER CARE KENYA LIMITED

Opinion

We have audited the accompanying financial statements of Cancer Care Kenya Limited (the company), set out on pages 6 to 23, which comprise the balance sheet as at 31st March 2022, the profit and loss account,statements of changes in equity and statement of 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 company as at 31st March 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Enterprises and the Kenyan Companies Act, 2015.

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 trust 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 management 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.

Responsibilities of board of directors for the financial statements

The board of directors are responsible for the preparation and fair presentation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small Medium Sized Enterprises and for such internal control as the management 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 board of directors are responsible for assessing the entity'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 trust either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so. The board of directors is responsible for overseeing the entity's financial reporting process.

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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one for 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 on entity'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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 entity 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 Simant Prakash, P/no. 2065.

Simant Prakash

Certified Public Accountants
Nairobi

……………………………….**2022**

FIVE ELEMENTS ADVISORY
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 13634

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

	Note	2022 Shs	2021 Shs
Revenue	4	91,150,316	105,789,797
Direct costs	5	(24,917,132)	(24,362,719)
Gross profit		66,233,184	81,427,078
Other income	6	1,915,441	282,031
Operating expenses	7	(142,526,662)	(126,490,576)
Finance (costs)/income	10	(10,535,557)	2,451,630
Loss before taxation		(84,913,594)	(42,329,837)
Tax credit/(expense)	11	1,311,371	(1,014,034)
Loss for the year		(83,602,223)	(43,343,871)

BALANCE SHEET AS AT 31ST MARCH 2022

	Note	2022 Shs	2021 Shs
Equity and liabilities			
Share capital	12	643,024,650	630,422,600
Capital contribution pending allotment	13	122,308,890	12,602,050
Retained earnings		(448,967,735)	(365,365,512)
Total equity		316,365,805	277,659,138
Non-current liabilities			
Borrowings	14	8,718,834	14,471,431
Deffered tax	17	173,834	1,485,204
		8,892,668	15,956,635
		325,258,473	293,615,773
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15	542,986,224	310,764,991
Intangible assets	16	58,745	216,109
		543,044,969	310,981,100
Current assets			
Inventories	18	757,261	543,799
Trade and other receivables	19	68,170,186	75,485,186
Tax receivable		5,227,775	4,707,516
Cash and cash equivalents	20	1,357,856	699,532
		75,513,078	81,436,033
Current liabilities			
Trade and other payables	21	221,801,010	23,381,959
Borrowings		7,279,362	7,122,658
Bank overdraft	20	64,219,203	68,296,743
		293,299,575	98,801,360
Net current liability		(217,786,497)	(17,365,327)
		325,258,473	293,615,773

The financial statements on pages 6 to 23 were approved for issue by the board of directors on ......29th June.............. 2022 and were signed on its behalf by:

....
Director

....
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

	Share capital Shs	Capital contribution pending allotment Shs	Retained earnings Shs	Total equity Shs
Balance at 1st April 2020	615,000,000	28,024,650	(322,021,641)	321,003,009
Loss for the year	-	-	(43,343,871)	(43,343,871)
Issue of shares	15,422,600	(15,422,600)	-	-
Balance at 31st March 2021	630,422,600	12,602,050	(365,365,512)	277,659,138
Balance at 1st April 2021	630,422,600	12,602,050	(365,365,512)	277,659,138
Loss for the year	-	-	(83,602,223)	(83,602,223)
Issue of shares	12,602,050	(12,602,050)	-	-
Capital funds received	-	122,308,890	-	122,308,890
Balance at 31st March 2022	643,024,650	122,308,890	(448,967,735)	316,365,805

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2022

	Note	2022 Shs	2021 Shs
Loss before tax		(84,913,594)	(42,329,837)
Adjustments for:			
Depreciation and amortisation		24,720,737	26,328,873
Operating loss before working capital changes		(60,192,857)	(16,000,964)
(Increase)/decrease in:			
Inventories		(213,462)	(543,799)
Trade receivables		6,794,740	65,935,806
Increase/(decrease) in:			
Trade and other payables		198,419,052	(32,013,448)
Cash generated from operations		144,807,473	17,377,595
Tax refund		-	1,637,247
Net cash generated from operating activities		144,807,473	19,014,842
Cash flows from investing activities			
Proceed from disposal of property, plant and equipment		62,355	-
Purchase of property, plant and equipment	15	(256,846,960)	(5,309,187)
Net cash used in investing activities		(256,784,605)	(5,309,187)
Cash flows from financing activities			
Capital funds received		122,308,890	12,602,050
Proceeds from borrowings		-	740,074
Repayment of borrowings		(5,595,894)	-
Movement in preferred loans		-	(57,502,500)
Net cash generated/(used in) from financing activities		116,712,996	(44,160,376)
Net increase/(decrease) in cash and cash equivalents		4,735,864	(30,454,721)
Cash and cash equivalents at start of the year		(67,597,211)	(37,142,490)
Cash and cash equivalents at end of the year	20	(62,861,347)	(67,597,211)

NOTES

1. General Information

Cancer Care Kenya Limited is domiciled in Kenya where it is incorporated under the Kenyan Companies Act 015 as a private company limted by shares. The address of its registered office and principal place of business is HCO CCK Cancer centre shivachi road, parklands.The principal activity of the entity is to provide cancer treatment services.

2. Summary of significant accounting policies

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

a) Basis of preparation

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standards for Small and Medium sized Enterprises issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Shs), which is also the functional currency.

The financial statements comprise profit and loss account (statement of comprehensive income), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the income and expenditure account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by International Financial Reporting Standards for Small and Medium sized Enterprises.

Measurement basis

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

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the entity using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
Transfers between levels of the fair value hierarchy are recognised by the entity at the end of the reporting year during which the change occurred.

NOTES (CONTINUED)

2. **Summary of significant accounting policies (continued)**

b) Leases

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leases under which the Company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

c) **Revenue recognition**

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. It is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs.

Sale of goods are recognised upon the delivery of the product to the customer or its designated logistics agent.

d) **Borrowing costs**

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

e) **Income tax**

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

f) ***Translation of foreign currencies***

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the balance sheet date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

g) ***Share capital***

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

b) Financial instruments

Classification

The entity classifies its financial instruments into the following categories:

i) Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets

ii) Financial liabilities, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions and trade and other receivables were classified as 'loans and receivables'.
- Borrowings and trade and other liabilities were classified as financial liabilities.

Recognition and measurement

Financial assets:

All financial assets are recognised initially using the trade date accounting which is the date the entity commits itself to the purchase or sale. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method.

The entity assesses at each balance sheet whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in the carrying values and impairment losses of held-to-maturity investments and loans and receivables are recognised in the profit and loss account. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

i) Provisions for liabilities

Provisions are recognised when the entity 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.

j) Employee benefits

The company shall recognise a liability for other long-term employee benefits measured at the net total of the following amounts:

- the present value of the benefit obligation at the reporting date;

An entity shall recognise the net change in the liability during the period, other than a change attributable to benefits paid to employees during the period or to contributions from the employer, as the cost of its other long-term employee benefits during the period. That cost is recognised entirely in profit or loss as an expense.

The entity and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the entity's contributions are charged to the income and expenditure account in the year to which they relate.

k) Property, plant and equipment

All categories of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance is charged to the income and expenditure account in the year to which it relates.

Depreciation is calculated using the reducing balance method except for buildings to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %
Machinery and equipments	12.5
Furniture,fitting and equipment	12.5
Motor vehicles	25
Medical Equipment	12.5
IT equipment	30

Buildings is depreciated using the straight line basis at the rate of 2.053%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

l) Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.
Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Rate - %
Website Design	30
Computer Software	20

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

m) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell,on weighted average cost basis..

NOTES (CONTINUED)

2. Summary of significant accounting policies (continued)

n) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

o) 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, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

p) Comparatives

Previous years figures have been re-classified and/or regrouped to conform to current year's presentation in compliance with International Financial Reporting Standards.

3. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the entity, the management 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.

Critical accounting estimates and judgements made by the management 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) Income tax and deferred tax:

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business. Significant estimates and assumptions are made of future taxable profit to support the realisation of deferred tax assets recognised on carry forward tax losses.

ii) Property, plant and equipment

Critical estimates are required in determining the depreciation rates for property, plant and equipment. The management determines these rates of depreciation based on their assessment of the useful lives of the various items of property, plant and equipment.

iii) Impairment losses on receivables

The company regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit and loss account, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of any receivables.

NOTES CONTINUED

		2022	2021
4	**Revenue**	**Shs**	**Shs**
	Medical services	91,150,316	105,789,797
		91,150,316	105,789,797
5	**Direct Costs**		
	Purchases	4,631,647	525,770
	Consultancy & professional fees	8,906,263	14,319,251
	Medical supplies	3,592,497	4,599,244
	Other expenses	4,652,520	2,060,872
	Medical professional charges	3,134,205	2,857,582
		24,917,132	24,362,719
6	**Other income**		
	Parking income	342,094	282,031
	Realised exchange fluctuation gain	65,802	-
	Other income	1,507,545	-
		1,915,441	282,031

SCHEDULE OF OPERATING EXPENDITURE

7 Operating expenses	2022 Shs	2021 Shs
Staff costs (refer Note 8)	54,394,133	59,851,310
Bank charges	564,711	669,116
Insurance	2,580,375	2,495,275
Motor vehicle expenses	591,429	696,416
Rent and rates	4,809,957	6,886,642
Printing and stationery	1,273,619	1,533,020
Repairs and maintenance	2,781,765	3,983,831
Security	487,200	532,597
Travelling	184,999	276,380
Telephone and postage	157,803	190,178
Electricity and generator	4,492,823	5,433,546
General expenses	2,695,131	2,476,955
Audit and non medical professional charges	1,464,877	11,338,955
Licenses	1,264,712	752,543
Advertising and marketing	1,764,073	2,070,660
Depreciation and amortisation	24,720,737	26,328,873
Computer expenses	745,018	655,564
Stamp duty	1,200,000	300,040
Realised exchange fluctuation loss	-	18,675
Provision for doubtful debts	34,809,210	-
Provision for legal fees	1,538,692	-
Stock expired expenses	5,396	-
	142,526,662	126,490,576

8 Staff costs		
Salaries and wages	49,229,945	54,480,168
Contribution to national social security fund	79,600	83,600
Contribution to pension fund	1,239,461	1,189,855
Medical expense	1,881,069	1,843,697
Casual wages	547,425	461,230
Staff welfare	985,778	441,327
Work permits	412,205	1,331,034
Staff training	18,650	20,400
	54,394,133	59,851,309

		2022	2021
		Shs	Shs
9	**Operating loss**		
	Items charged		
	The following items have been charged in arriving at operating loss:		
	Employee benefits expense	54,394,133	59,851,310
	Depreciation on property, plant and equipment	24,563,373	26,170,000
	Amortisation of intangible assets	157,364	158,873
	Auditors' remuneration		
	Current year	375,000	752,543
	(b) Employee benefits expense		
	The following items are included in employee benefits expense:		
	Pension costs		
	National Social Security Fund	79,600	83,600
	Defined contribution scheme	1,239,461	1,843,697
10	**Finance costs**		
	Bank loan interest	9,401,028	(3,174,301)
	Loan processing fee	1,060,000	700,000
	Discount	74,529	22,671
		10,535,557	(2,451,630)
11	**Tax expense**		
	Current tax	-	546,533
	Deferred tax (credit)/expense	(1,311,371)	467,501
	Tax (credit)/charge	(1,311,371)	1,014,034

NOTES CONTINUED

12 Share Capital

	2022 Shs	2021 Shs
Authorised		
6,450,000 Ordinary shares of Kshs. 100 each (2021 6,450,000 Ordinary Shares of Kshs. 100 each	645,000,000	645,000,000
Issued		
6,430,247 Ordinary shares of Kshs. 100 each (2021 6,304,226 Ordinary shares of Kshs 100 each	643,024,650	630, 422,600

All issued shares are fully paid
The authorised share capital for company is Ksh 645,000,000 divided into 6,450,000 ordinary shares of Ksh 100 each.

13 Capital contribution pending allotment

The funds have been received for allotment of shares which was done during the year.

	2022 Shs	2021 Shs
Capital contribution pending allotment	122,308,890	12,602,050

14 Borrowings

	2022	2021
Non-current		
Bank loan	8,718,834	14,471,431
Current		
Bank overdraft	64,219,203	68,296,743
Bank loans	7,279,362	7,122,658
	71,498,565	75,419,401

The bank loan facilities are secured over:
i) Legal charge dated January 12, 2019 over L.R No. 209/6241 Nairobi for Ksh 280,000,000/= together with a lease in the name of Cancer Care Kenya Limited;
ii) Debenture dated January 12, 2019 for Ksh 280,000,000 over all the assests of the company;
iii) Variation of lease over L.R No. 209/6241/ Nairobi dated December 17, 2013 from the social service league MP Shah Hospital to Cancer Care Kenya Limited;

NOTES CONTINUED

15 Property, plant and equipment

	Buildings Shs	Capital Work in progress Shs	Machinery & equipment Shs	Furniture & fittings Shs	Motor vehicle Shs	Medical equipment Shs	IT equipment Shs	Leasehold improvements Shs	Total Shs
Year ended 31st March 2021									
Opening carrying value	153,138,149	7,368,344	4,998,086	6,801,143	9,181	157,582,864	1,728,037	-	331,625,804
Additions	-	-	1,104,793	565,165	-	2,828,169	811,060	-	5,309,187
Capitalized work in progress	-	(7,368,344)	-	-	-	2,127,597	-	5,240,747	-
Depreciation charge	(3,926,544)	-	(636,947)	(896,302)	(2,297)	(19,970,354)	(579,241)	(158,315)	(26,170,000)
Closing carrying value	149,211,605	-	5,465,932	6,470,006	6,884	142,568,276	1,959,856	5,082,432	310,764,991
Year ended 31st March 2021									
Cost/valuation	191,239,519	-	16,531,744	14,832,438	100,000	450,425,742	4,841,588	5,240,747	683,211,778
Accumulated depreciation	(42,027,914)	-	(11,065,812)	(8,362,432)	(93,116)	(307,857,466)	(2,881,732)	(158,315)	(372,446,787)
Net carrying value	149,211,605	-	5,465,932	6,470,006	6,884	142,568,276	1,959,856	5,082,432	310,764,991
Year ended 31st March 2022									
Opening carrying value	149,211,605	-	5,465,932	6,470,005	6,884	142,568,276	1,959,856	5,082,432	310,764,991
Additions	-	254,331,444	-	-	-	-	145,080	2,370,436	256,846,960
Disposal	-	-	-	-	-	-	(62,355)	-	(62,355)
Depreciation charge	(3,926,544)	-	(683,242)	(816,938)	(1,721)	(17,831,772)	(577,743)	(725,413)	(24,563,373)
Closing carrying value	145,285,061	254,331,444	4,782,690	5,653,068	5,163	124,736,504	1,464,838	6,727,455	542,986,223
Year ended 31st March 2022									
Cost/valuation	191,239,519	254,331,444	16,531,744	14,832,438	100,000	450,425,742	4,924,313	7,611,183	939,996,383
Accumulated depreciation	(45,954,458)	-	(11,749,053)	(9,179,370)	(94,837)	(325,689,238)	(3,459,475)	(883,728)	(397,010,159)
Net carrying value	145,285,061	254,331,444	4,782,691	5,653,068	5,163	124,736,504	1,464,838	6,727,455	542,986,224

NOTES CONTINUED

16 Intangible assets

	Website design Shs	Computer software Shs	Total Shs
Year ended 31st March 2022			
Opening carrying value	136,212	79,897	216,109
Amortization	(106,083)	(51,281)	(157,364)
Closing carrying value	30,129	28,616	58,745
Year ended 31st March 2022			
Cost/valuation	418,609	488,626	907,235
Accumulated amortization	(388,480)	(460,010)	(848,490)
Net carrying value	30,129	28,616	58,745
Year ended 31st March 2021			
Opening carrying value	242,295	132,687	374,982
Amortization	(106,083)	(52,790)	(158,873)
Closing carrying value	136,212	79,897	216,109
Year ended 31st March 2021			
Cost/valuation	418,609	488,626	907,235
Accumulated amortization	(282,397)	(408,729)	(691,126)
Net carrying value	136,212	79,897	216,109

17 Deferred tax

Deferred tax is calculated using the currently enacted corporation tax rate of 30% (2021: 30%). The movement on the deferred tax account

	2022 Shs	2021 Shs
At start of the year	(1,485,205)	(1,017,704)
Credit/(expense) to profit and loss account (Note 11)	1,311,371	(467,501)
	(173,834)	(1,485,205)

Deferred tax assets and liabilities, deferred tax charge in the profit and loss account and in equity are attributable to the following items:

	At 1st April 2021 Shs	(Charged) to profit & loss Shs	At 31st March 2022 Shs
Deferred tax liability			
Property, plant and equipment	(1,485,205)	1,311,371	(173,834)
Deferred tax (liability), net	(1,485,205)	1,311,371	(173,834)

	At 1st April 2020 Shs	(Charged) to profit & loss Shs	At 31st, March 2022 Shs
Deferred tax liability			
Property , plant and equipment	(1,017,704)	(467,501)	(1,485,205)
Deferred tax (liability), net	(1,017,704)	(467,501)	(1,485,205)

18 Inventories	2022 Shs	2021 Shs
Drugs	757,261	543,799
	757,261	543,799

19 Trade receivables

Trade receivables	11,948,016	6,074,053
Less: Provision for doubtful debts	(4,047,106)	-
Net receivables	7,900,910	6,074,053
Prepayments	6,148,999	4,237,577
Deposits	2,712,341	1,504,649
Amounts due from related parties	80,945,174	51,119,204
Less: Provision for doubtful debts	(30,762,104)	-
Net amount due from related parties	50,183,070	51,119,204
Other receivables	1,224,866	12,549,703
	68,170,186	75,485,186

20 Cash and cash equivalents	2022 Shs	2021 Shs

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

Cash at bank and in hand	1,357,856	699,532
Bank overdraft	(64,219,203)	(68,296,743)
	(62,861,347)	(67,597,211)

21 Trade and other payables

	2022 Shs	2021 Shs
Trade payables	202,506,499	11,022,983
Advance from customers	46,169	-
Provisions	1,217,800	2,973,269
Other payables, net	5,124,202	9,385,707
Amounts due to related parties	12,906,340	-
	221,801,010	23,381,959

22 Related party transactions

The following transactions were carried out with related parties.

i)	**Sale of goods and services**	12,074,058	-
ii)	**Purchase of goods and services**	3,808,020	-
iii)	**Outstanding balances arising from:**		
	Dues from related parties		
	MP Shah Hospital	3,261,895	24,478,112
	Trade payables to related parties		
	MP Shah Hospital	1,112,020	1,500
	Dues from related parties		
	Advance from HCG India	12,906,340	-
	Loan to related parties		
	Advanced Molecular Imaging Limited	9,954,911	-
	Healthcare Global (Kenya) Private Limited	46,466,098	28,356,762