Lanka Hospitals Corporation PLC and its Subsidiaries - 2024

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Lanka Hospitals Corporation PLC ("Company") and the consolidated financial statements of the company and its subsidiaries ("Group") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the profit and loss statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the Company Financial Statements and the Consolidated Financial Statements of the current year. These matters were addressed in the context of my audit of the Company Financial Statements and the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters.

- **Revenue recognition**

Refer to Note 4.15 – accounting policy and Note 5 to the Financial Statements. The Revenue of the Group for the year ended 31st December 2024 was Rs.13,650 Million.

Risk Description	**Our Response**
The Group's revenue generated from its healthcare services is disclosed in Note 5	My audit procedures included the following, among others;

together with the related accounting policy in 4.15. I considered revenue as a focus area due to the complexity of the pricing structure, its high volume, determination of appropriateness of gross or net basis of revenue recognition in certain arrangements, and reliance on IT controls.	➢ I carried out audit procedures over revenue measurement by testing on a sample basis, transactional level pricing and applicable documentary evidence. ➢ I discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested on a sample basis the appropriateness of the recognition of revenue on a gross or net basis. ➢ I obtained an understanding about the key IT and manual controls over the occurrence of revenue and tested the same on a sample basis. ➢ I performed specific audit procedures over cash collection related to revenue covering a sample of locations where the Group's business is carried out. ➢ I assessed the adequacy of the disclosures made in Note 5 in the financial statement.

- **Carrying value of inventories**

Refer to Note 4.8– accounting policy and Note 16 to the Financial Statements. The Group carried inventories of Rs.921 Million as at 31st December 2024, at the lower of cost or net realizable value.

Risk Description	Our Response
Valuation of inventory involves judgment and estimates due to the nature of products and stringent quality requirements. Due to allocation and sale of inventories within Group operations based on the business model, both existence and valuation of inventories are key areas of focus.	My audit procedures included; assessing adequacy and consistency of provisioning for inventories at the reporting date with the Group's inventory provision policy. ➢ On a sample basis, comparing the carrying amounts of the Group's inventories with net realization value of those inventories. ➢ Testing the existence of inventories through physical verification as at year end and validating the cost allocation within Group entities.

- **Recoverability of Trade Receivables**

Refer to Note 4.9.1 – accounting policy and Note 17 to the Financial Statements. The Group's trade receivable as at 31st December 2024 was Rs.440 Million.

Risk Description	Our Response
Assessment of recoverability of the Group's trade receivables involves based on management judgment. The historical payment patterns and other information relating to the creditworthiness of customers. Inherent subjectivity is involved in making judgments in relation to credit risk exposures to determine the recoverability of trade receivables.	My audit procedures included – ➢ Testing the Group's credit control procedures, including the controls around credit terms, and reviewing the payment history and financial information pertaining to the customers. ➢ Testing the receipt of cash after the year end relating to 31 December 2024 balances; and ➢ Testing the adequacy of the Group's impairment provisions against trade receivables by assessing the judgments made and the historical trading experience with the relevant customers. ➢ Assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the impairment provision.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as 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, management is responsible for assessing the group'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 management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Group.

1.5 Audit Scope

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company *;*

- Whether the Company has performed according to its powers, functions and duties; and

- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.6 Accounts Receivable

Audit Issue	Management Comment	Recommendation
(a) Trade debtors' balance as at 31 December 2024 was Rs.340,363,144 and deduction of impairment loss was Rs.29, 432,477. Since the debt period of the hospital is 30 days, the value of the debts exceeding 60 days amounted to Rs. 152,499,302.	Impairment provisions are recognized when indicators suggest a potential reduction in the carrying amount of debtor balances, based on the expected credit loss (ECL) method. However, this provision does not imply that the debtor balance is entirely unrecoverable or impaired. While the company's standard credit period is 30 days, the fact that an outstanding balance exceeds this period does not necessarily indicate that it is unrecoverable. Furthermore, there have been several subsequent payments received from these debtors after the reporting date, further demonstrating the potential for recovery.	Action should be taken to recover hospital chargers within the debt period.

(b)	Deduction for impairment on Trade Debtors as 31 December 2024 was Rs.29,432,477. The impairment balance included unsettled hospital charges of the patients who had left the hospital without settling charges on various reasons after receiving treatments from the hospital. The hospital had taken legal action to recover the hospital charges of Rs.33,222,824. Observations were given below.		
	(i) Legal action had been taken to recover Rs. 7,901,819 from four patients due to non payment of hospital charges for more than five years.	These are Legal cases, recovery will not be possible till the cases are concluded.	Debt recovery mechanism should be established.
	(ii) The value of the hospital charges to be recovered from 11 patients upon placing surety (Letter of indemnity) by a family member to pay, on a specific date, the hospital fees that could not be settled due to the lack of adequate money, amounted to Rs.11,214,204.	As per Credit records, summary of outstanding cases of individual patients, where indemnities have been signed but referred to Legal due to payment defaults.	Do
	(iii) Two Covid patients were admitted to the hospital and treated as requested by the shipping company but the patient did not pay the hospital bill of amounted to Rs.1, 427,737.	Two patients who were referred to by a Shipping Company registered with Lanka Hospitals for Credit facility. Since the dues were not settled Legal action was taken.	Do
	(iv) The court had given a decision to seize the property of a patient (Who died in 31 January 2019) and collect the due amount of Rs.1,466,259 although 06 years have completed the hospital charges have not been collected yet.	Notice for the Auction to be confirmed by Magistrate.	Action should be taken to implement court decision.

(c)	The Hospital taking a long time period to collect outstanding hospital charges, due to relevant parties of the patient avoid settling the bills. As a result , The hospital bills had been write off amount is a Rs.4,883,123	As per Credit records, the total amount which was written off during year 2024 was Rs.4,883,123.	Necessary action should be taken for immediate recover of hospital bills.

1.7 Bank management

Audit Issue	Management Comment	Recommendation
Stale cheque accounts		
The hospital has not introduced a system similar to Government's Financial Regulations FR396 in making payments by cheques to all the payees are required to collect their cheques. Cheques issued to payees but not presented to the banks and need to be informed. The amount was transferred to the Stale Cheque Account due the payees not collecting their cheques within a period of six months in making payments by cheques Was Rs.79,323,031.	FR396 is not applicable to Lanka hospitals. The balance represents a consultant's stale cheque as of the year-end. This amount includes a cheque collected from Lanka Hospitals, which has not yet been presented to the bank. The balance has been treated in accordance with the management's decision to write off and write back long-outstanding balances in the ledger, as outlined in the write-off/writeback Standard Operating Procedure (SOP).	Necessary action should be taken to introduce equal to Government's Financial Regulations.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs.1.709, billion and the corresponding profit in the preceding year amounted to Rs.1.203 billion. Therefore an improvement amounting to Rs.5.06 Billion of the financial result was observed. The reason for the improvement was increased of revenue from the contacts with customers by Rs.1,231 million.

2.2 Ratio Analysis

The Company Main Ratios are as follows.

Ratio	2024	2023
Current Assets Ratio	3.63 times	3.69 times
Quick Assets Ratio	3.33 times	3.41 times
Gross Profit Ratio	44%	43%
Net Profit Ratio	10%	8%
Return on Capital Employed	11%	10%

3. Operational Review

3.1 Operational Inefficiencies

	Audit Issue	Management Comment	Recommendation
(a)	Due to weaknesses in the system and controls Process of granting discount and refunds introduced by the Finance Department, Internal audit reports had revealed that a fraud of Rs.3, 185,718 had been committed by two officers in the Billing Department of the hospital. As at end of the year under review, a sum of Rs.1,787,859 remained receivable.	The fraud was identified by the finance department and promptly reported to the Group Chief Executive Officer (GCEO) and the internal audit department. The internal audit department conducted a thorough review of the process and subsequently informed the internal inquiry panel. As a result, the involved employees were suspended, and appropriate legal actions were initiated to recover the misappropriated funds. A partial recovery of the funds has been made, and legal proceedings are ongoing. Additionally, enhanced control procedures have been implemented to prevent the recurrence of such incidents.	Adherence control methods should also be introduced and a control system should be tested regularly as walk through test .
(b)	As at 31 December 2024, medicines with a total value of Rs.2,592,510 had expired. Of this, medicines valued at Rs.226,157 were procured with a remaining shelf life of less than six	Certain medicines may have a shelf life of less than six months. Additionally, the availability of some batches in the market may also be	Action should be taken to ensures medicines are purchased with an adequate shelf life.

months. This indicates inadequate attention to shelf life management during procurement and inventory control. The expired stock has resulted in financial losses and exposes the hospital to risks in patient care.	limited to a period of less than six months. Given these circumstances, the company may occasionally need to purchase medicines with a shorter shelf life to meet immediate requirements. Further, non-availability of certain drugs in the market hospital should purchase short lifespan drugs.	

3.2 Procurement Management

	Audit Issue	Management Comment	Recommendation
(a)	According to Paragraph 13.7 of the Lanka Hospital Procurement Manual (4th Edition), all members of the Procurement Committee are required to sign a declaration in the prescribed format at its first meeting and all members of Bid Evaluation Committee are required to sign a declaration in the prescribed format if the value of the Bid exceeding Rs.3 million. However, it was observed that the required declarations were not available.	Observation Noted. Currently we have streamlined the requirement to obtain Declaration from both committees with each report / Minute	Hospital procurement guide lines should be followed.
(b)	According to Paragraph 3.2.2 of the Lanka Hospital Procurement Manual (4th Edition), a detailed procurement time schedule should be prepared, outlining the sequential steps and time frames for each activity from initiation to completion of the procurement process. However, it was observed that such a time schedule had not been prepared.	Observation Noted. This will be implemented with immediate effect for all procurement done through the NCB & LNB method	Do
(c)	As per Paragraph 3.3 of the Lanka Hospital Procurement Manual (4th Edition), an itemized cost estimate, including pre-	The relevant estimated values are included in the Purchase Requisition which is approved by relevant authorities prior to	Do

	procurement, procurement, and post-procurement costs with VAT shown separately, must be prepared and approved prior to inviting bids. However, it was observed that this requirement had not been complied with.	inviting bids.	
(d)	According to Paragraph 9.5.3 of the Lanka Hospital Procurement Manual (4th Edition), it is the responsibility of the Bid Evaluation Committee (BEC) to review and approve of specifications to ensure that the specifications are fit for the purpose and are generic in nature so as to promote competitiveness. However, it was observed that such approval had not been obtained. In addition, the BEC was appointed only after the bids had already been called, which constitutes a clear procedural violation.	Observation noted. Specification was confirmed by the head of BEC. Due to practical reasons sometimes the mentioned deviations are practiced in appointment of BEC. Going forward the provisions in the procurement manual will be strictly followed.	Do
(e)	According to Paragraphs 11.2(i) and 11.3(ii)(i) of the Lanka Hospital Procurement Manual (4th Edition), the successful bidder should be notified in writing within one week after the Procurement Committee (PC) and the Board of Directors (BOD) make their recommendation. Furthermore, within 10 days of receiving such notification the successful bidder is required to confirm in writing their acceptances or decline the award to procurement entity. However, in this instance ,the procurement committee did not issue the written notification of the contract award as required.	Observation noted. Issuing of LOA not strictly followed considering the undue delay in completing the steps to issue the PO. This provision is identified as a matter to revisit during the next review of the procurement manual.	Do

3.2.1 Other observations relating to procurement

(a)	The procurement of medical equipment High Definition video Assisted Thoracoscopic & Vessel/Harvesting System at a cost of Rs.21,393,976. Observation were given below.		
(i)	It was observed that the purchase requisition listed an estimated unit price of Rs.2,000,000, whereas the final purchase order reflected a unit price of Rs.21,393,976, indicating a 970 percent increase. This variance highlights deficiencies in procurement planning, compliance, and cost control, thereby exposing the institution to potential financial and reputational risks.	Observation noted. This is an incident that happened two years ago. We noted that proper approvals have been obtained in completing the procurement. Currently strict review process in place to avoid similar occurrences	Mechanism should be established to monitor and control price variances.
(ii)	In terms of paragraph 4.19.2 (i) of the Lanka Hospital Procurement Manual, a Performance Security equivalent to not less than 10 percent of the contract sum should be obtained for goods purchasing contracts. However, it was observed that no Performance Security had been obtained for this procurement.	Observation Noted. Received Performance security has been returned after the expiry of the same of the without keeping a copy.	Hospital procurement guide lines should be followed.
(b)	Procurement of Navigation System at a cost of Rs.121,401,693 ($ 388,564) on 11/03/2024. Observations were given below.		
(i)	In terms of paragraph 6.6 (i) of the Lanka Hospitals Procurement Manual (4th edition), all bids may be	As per the list of registered suppliers, all potential bidders (166 bidders registered under medical category) were invited	Appropriate procurement method should be followed.

	rejected if they are not substantially responsive or if there is evidence of a lack of competition. However, it was observed that only one of the two bidders had submitted a complete price quotation. Despite this, the single valid bid had been evaluated and awarded. It was further observed that the Procurement Committee should have considered alternative competitive bidding methods to ensure better pricing and options. As a result, the audit could not confirm whether an economical and efficient procurement process had been carried out.	for this equipment. But only two bidders responded and one of them only arose their concern on the specification without quoting. Therefore, proceed with the single bid as it was not worth going to rebid for this type of rare and special equipment	
(ii)	It was observed that the purchase requisition listed an estimated unit price of Rs.80,000,000, whereas the final purchase order reflected a unit price of Rs.121,401,693, indicating a 52 percent increase. This variance highlights deficiencies in procurement planning, compliance, and cost control, thereby exposing the institution to potential financial and reputational risks.	Observation noted. This is an incident that happened two years ago. We noted that proper approvals have been obtained in completing the procurement. Currently strict review process in place to avoid similar occurrences	Mechanism should be established to monitor and control price variances.
(c)	Procurement Neuro surgical operating microscope at a cost of Rs.155,748,318 (EUR 370,000). Observations were given below.		
(i)	In terms of paragraph 6.6 (i) of the Lanka Hospitals Procurement Manual (4th edition), all bids may be rejected if they are not	As per the list of registered suppliers, all potential bidders (166 bidders registered under medical category) were invited for this equipment. But only one	Appropriate procurement method should be followed.

	substantially responsive or if there is evidence of a lack of competition. However, it was observed that only one of the two bidders had submitted a complete price quotation. Despite this, the single valid bid had been evaluated and awarded. It was further observed that the Procurement Committee should have considered alternative competitive bidding methods to ensure better pricing and options. As a result, the audit could not confirm whether an economical and efficient procurement process had been carried out.	bidder responded. Therefore, proceed with the single bid as it was not worth going to rebid for this type of rare and special equipment.	
(ii)	The value of the device was 330,000 EUROs, and the addition of a new part, as per the consultant request, had increased the value of the device by another 40,000 EUROs. Accordingly, it was not possible to attract substantially responsive bidders as the specifications had not been developed by the subject specialist in the field when preparing the specifications.	When the bidder quoted for our specification attached to the bidding document, they have mentioned the fluorescence module as optional items of offered specification. Based on the consultant's request and the specification given with the bidding document, it was included in the order. The Procurement committee has negotiated and decided to get down the equipment under Euro currency and arrange the payment in LKR considering the Exchange. rate as at the date of the Purchase order	Specification should be reviewed to ensure that the Specification are fit for the purpose.
(iii)	It was observed that the purchase requisition listed an estimated unit price of Rs.80,000,000, whereas the final purchase order reflected a unit price of Rs. 155,748,318, indicating a 95 percent increase. This variance highlights deficiencies in	Observation is noted. This is an incident that happened two years ago. We noted that proper approvals have been obtained in completing the procurement. Currently strict review process in place to avoid similar occurrences	Mechanism should be established to monitor and control price variances.

	procurement planning, compliance, and cost control, thereby exposing the institution to potential financial and reputational risks.		
(d)	Procurement of Anesthetic Gas Scavenging System at a cost of Rs.12,376,875. Observations were given below.		
(i)	According to Paragraph 2.2.1 (i) of the Lanka Hospital Procurement Manual (4th Edition), in the case of a National Competitive Bidding process, it is mandatory to publish an advertisement in at least one local newspaper. However, evidence of such a publication was not available. As per the Bid Evaluation Committee Report , the procurement method was indicated as National Competitive Bidding. But the hospital has followed shopping method.	This was under Shopping method and quotations were called via mail as per the existing procurement manual	Appropriate procurement method should be followed.
(ii)	Three suppliers had quoted under the shopping method and lowest qualified bidder had been rejected due to non-performance in previous awarded contract. It was observed that inviting previously unsuccessful bidder to submit price quotation had resulted in a reduction of competiveness in the procurement process.	These required scopes should be compatible with the existing endoscopy systems and therefore, according to the provisions available with the Procurement Manual, direct quotation was called from the local agent.	Do
(iii)	It was observed that the purchase requisition listed an estimated unit price of Rs.2,000,000, whereas the final purchase order reflected a unit	Observation noted. This is an incident that happened two years ago. We noted that proper approvals have been	Mechanism should be established to monitor and control price variances.

price of Rs.12,376,875, indicating a 519 percent increase. This variance highlights deficiencies in procurement planning, compliance, and cost control, thereby exposing the institution to potential financial and reputational risks.	obtained in completing the procurement. Currently strict review process in place to avoid similar occurrences	
(e) Procurement of Battery operated Ortho drill system at a cost of Rs.16,265,799 on 12/09/2024. Observations were given below.		
(i) According to the TEC report, the procurement process has been explicitly stated as an open competitive bidding (NCB) process, whereas price quotations were obtained under the "shopping" method.	Observation Noted. Only 06 days were given instead of 07 days. Will streamline to comply with the Procurement Manual	Appropriate procurement method should be followed.
(ii) Contrary to the provisions of paragraph 4.8 of the Lanka Hospital Procurement Manual, bid security is required to assure compensation to the Procurement entity for the time and money lost if the successful bidder fails to honor his bid/ proposal and enter into a contract with submission of a Performance Guarantee It was observed that in this procurement, no bid security had been requested in the procurement documents.	Quotations were called under shopping method as per the estimated value given in the Purchase Requisition and no Bid Security required as per the Procurement Manual.	Hospital procurement guide lines should be followed.
(iii) It was observed that the purchase requisition listed an estimated unit price of Rs.3,500,000, whereas the final purchase order reflected a unit price of Rs.16,265,799, indicating a 365 percent increase. This variance	Observation noted. This is an incident that happened two years ago. We noted that proper approvals have been obtained in completing the procurement. Currently strict review process in place to avoid similar occurrences	Mechanism should be established to monitor and control price variances.

highlights deficiencies in procurement planning, compliance, and cost control, thereby exposing the institution to potential financial and reputational risks.		
(iv) In terms of paragraph 4.19.2 (i) of the Lanka Hospital Procurement Manual, a Performance Security equivalent to not less than 10 percent of the contract amount should be obtained for goods purchasing contracts. However, it was observed that no Performance Security had been obtained for this procurement.	Observation Noted. Received Performance security has been returned after the expiry of the same without keeping a copy	Hospital procurement guide lines should be followed.

3.3 Human Resources Management

Audit Issue	Management Comment	Recommendation
(a) As at 31 December 2024, the approved carder of the hospital was 2,035 staff, whereas the actual staff was 1,601. There were 29 excess employees for 18 positions and 463 vacant posts for 189 positions .Company had not been restructured the carder position.	Although vacancies exist in the cadre, they will be filled only if there is an operational requirement of the respective unit and the hospital. Based on this requirement, the relevant HOD must submit a Recruitment Requisition Form to HR in order to initiate the recruitment process. In the absence of a Recruitment Requisition, HR will not commence the hiring process. Some vacant positions have been downgraded and filled with lower-level roles that better align with the operational requirements of the unit. It is necessary to compare and reconcile these with the existing vacancies to obtain a clear picture and ensure that no excess positions exist.	Approved carder should be reviewed periodically and should make necessary amendments.

(b)	Although 597 nursing cadre positions had been approved, only about 463 had been appointed, resulting in a shortage of 134 nurses. The student dropout rate at the Lanka Hospitals Nursing School ranged between 15 percent and 50 percent, during 2020 to 2024. Accordingly, the investment made on students has become an unproductive expenditure. Appropriate procedures had not been taken to minimize the risk of abandonment of student nurse's training.	All healthcare institutions are facing challenges in recruiting qualified nurses due to the scarcity of available resources. A significant number of nurses have migrated overseas, while many of the remaining workforce are joining the government sector. The management is currently reviewing the nursing school operations and measures are being taken to strengthen the quality and improve the retention.	Action should be taken to reduce student dropout.