



 **Emergency**
Medical Services

2018
ANNUAL
REPORT

FULLY OWNED BY:  **Kenya**
Red Cross



...24 Hour Ambulance Cover



CONTESTS





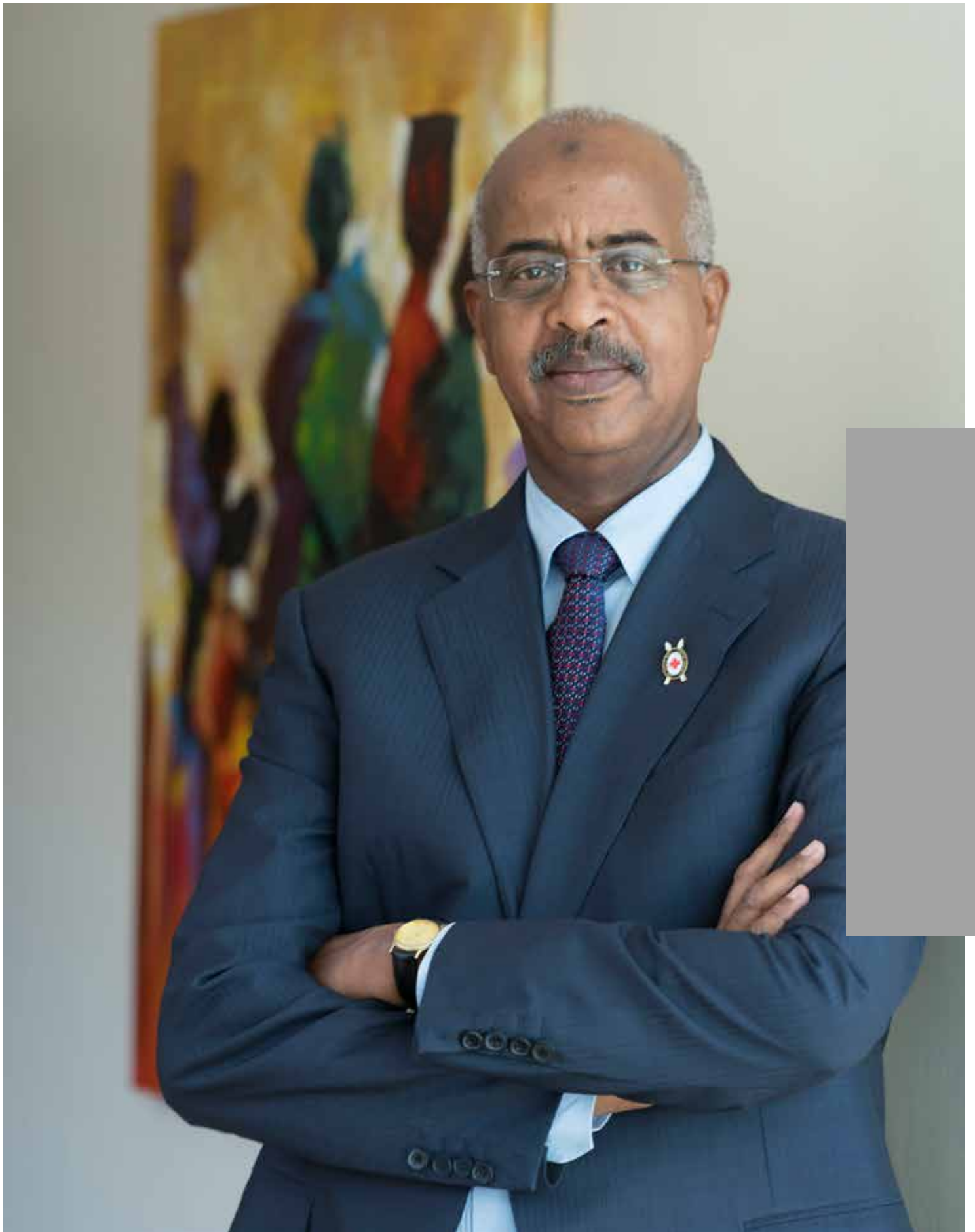
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...time is
life

ACRONYMS

ACLS - Advanced Cardiac Life Support	KEBS - Kenya Bureau of Standards
BLS - Basic Life Support	KRCS - Kenya Red Cross Society
BMG - Business Model Generation	LOU - Letter of Undertaking
BSC - Balanced Scorecard	MD - Managing Director
CBO - Community-Based Organization	MDPS - Medical Dispatch Priority System
CEO - Chief Executive Officer	MED - Medical Services
CME - Continuous Medical Education	MoH - Ministry of Health
CRM - Customer Relationship Management	MoU - Memorandum of Understanding
CSR - Corporate Social Responsibility	MVV - Mission, Value and Vision
DOHS - Division of Occupational Health and Safety	NEC - National Executive Council
EMR - Electronic Medical Records	NEPARC - New Partnership of African Red Cross & Red Crescent Societies
EMS - Emergency Medical Service	NGO - Non-Governmental Organization
EMTs - Emergency Medical Technicians	NHIF - National Health Insurance Fund
ERP - Enterprise Resource Planning	NTSA - National Transport and Safety Authority
EVOs - Emergency Vehicle Operations	OSHA - Occupational Safety and Health Act, 2007
GDC - Geothermal Development Company	PHTLS - Pre-hospital Trauma Life Support
GLUK - The Great Lakes University of Kisumu	PPP - Public/Private Partnership
GPRS - General Packet Video Service	QA - Quality Assurance
HR - Human Resource(s)	QI - Quality Improvement
IAAF - International Association of Athletics Federations	QoS - Quality of Service
IFRC - International Federation of Red Cross and Red Crescent Societies	R & D - Research and Development
IGAD - Intergovernmental Authority for Development	SACCO - Savings and Credit Cooperative Organization
IPC - Infection Prevention and Control	SG - Secretary General
ISO - International Organisation for Standardisation	SMEs - Small and Medium Enterprises
IT - Information Technology	VAT - Value Added Tax
JCIA - Joint Commission International Accreditation	WHO - World Health Organisation
JKUAT - Jomo Kenyatta University of Agriculture & Technology	



Letter from the Chairman

It goes without saying that not every business idea always bears fruit. Businesses are started with the expectation that they will serve a purpose in the market, deliver needed benefits to customers, have sustainable impact and issue profits that can be reinvested in the business or benefit stakeholders. Several fall by the wayside while others seemingly shine through.

When we founded E-Plus in 2010, we knew that there was a felt need for Emergency Ambulance Services and it was evidently clear that the country was under-served. Furthermore, our *raison d'être* and mission included the determination to thrive so that we could substantively support the work of the Kenya Red Cross

Society (KRCS) in its boundless humanitarian mission. While we were clear on how we would approach the business opportunity and how we would build the team that would harness and leverage the opportunity, we often wondered whether we would make good the prospects and serve Kenyans and KRCS in the manner needed most.

KES 1,031,786,828.00. We are returning in credible profits and for the first time since we were founded, injected KES 451 million into KRCS. This achievement resonates and we believe there is scope for more contribution.

Our achievements over this reporting period have been noteworthy.

Through our partners we have netted almost half of the country's population who are now customers or members of E-Plus and they rely on us for their emergencies. Our fleet of 128 leased vehicles conscientiously ply the streets and serve needed patients while partnerships with air rescue companies continue to expand our reach.

As I pen my "Letter" it is gratifying to note that we have quickly become the ambulance evacuation service of choice and lead the market. For two years running we have been recognised as a 'Superbrand' and received awards that have resulted from the service we provide our customers.

As we continue to contemplate scaling the business across borders as well as the longer term strategic aspiration of listing on the Nairobi Stock Exchange, we remain resolute about building professional structures and systems that will ascertain a firm foundation and endure.

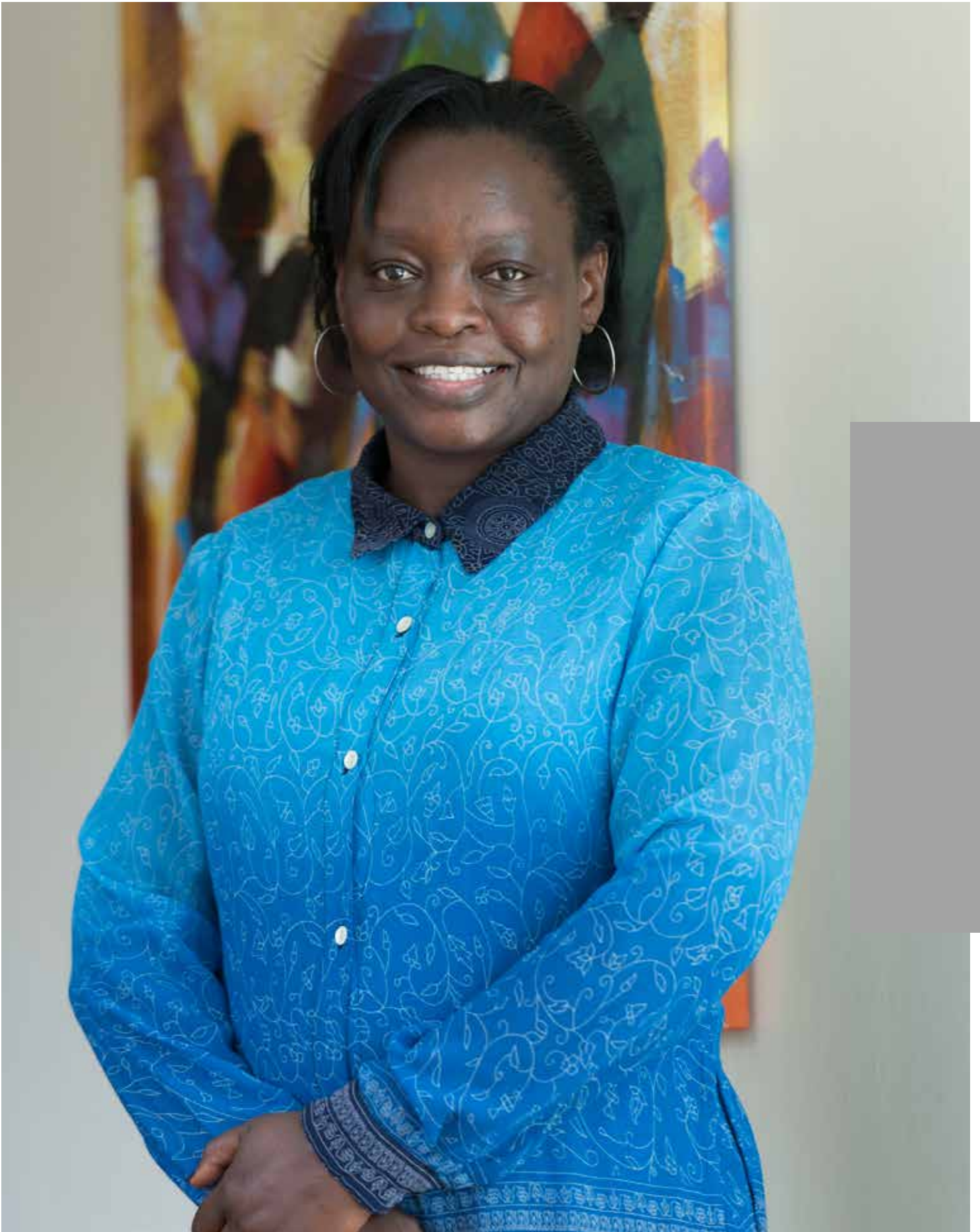
I am proud of my Board. We have remained active and focused and all members recognize the importance of good governance and keeping management accountable while supporting them to deliver. We have continued to oversee the recruitment, and investment in our human capital and remain very proud of our Managing Director, Susan Ngonga and her entire team. As we advance our overall capabilities and institutional infrastructure, we strengthen our potential to drive even more ambitious business objectives.

I remain very confident that with a determined commitment to our strategic goals and deliverables, our focus on meaningfully listening to and serving our stakeholders, we are building a strong and impactful organisation that will not only be a part of the Kenyan ecosystem as the country entrenches itself in the middle-income development country but will have expanded beyond borders into the rest of Africa.

Dr. Abbas Gullet, MBS
Chairman - Board of Directors

We have remained active and focused and all members recognise the importance of good governance and keeping management accountable while supporting them to deliver

Nine years down the road, E-Plus has made sound progress and is growing from strength to strength. We are now a company with net assets of KES 165,136,900 million shillings up from KES 156,444,939.81 of 2017. In 2018, we grossed revenues of KES 1,261,233,147.76 up 22% over prior year where we grossed



Letter from the Managing Director

On the eve of our tenth anniversary, I take time for requisite reflection.

When we founded E-Plus, our goal was to become a leading provider of emergency evacuation services that delivered

As I ponder on these aspirations and look back at 2018, there is a degree of satisfaction on the work we are doing; the results we are delivering and the promises we are making to our stakeholders as we continue to chart our way into this meaningful ecosystem.

BUSINESS RESULTS

The year ended December 2018 yielded strong results despite the challenge of on-going economic and political headwinds that did not spur overall macroeconomic excitement. These factors notwithstanding, E-Plus grew by 22% in gross revenues in comparison to prior year.

...by serving humanity in a neutral and impartial manner and by keeping our eyes focused on priority strategic objectives, our customer value proposition could resonate,

needed services and built strong stakeholder returns. We also sought to become a beloved brand that would be seen as credible, inspiring and solid. As a portfolio member of the Kenya Red Cross Society (KRCS) with its stated humanitarian mission, we knew that by serving humanity in a neutral and impartial manner and by keeping our eyes focused on priority strategic objectives, our customer value proposition could resonate, our client numbers could grow, our business flourish and that we could attract the kind of staff members that were impassioned by the vision and mission of E-Plus.

our client numbers could grow,...we could attract the kind of staff members that were impassioned by the vision and mission of E-Plus.



Total Revenues reached KES 1,261,233,147.76 and profit before tax was KES 21,195,723.86, a figure that would have been higher had we not donated KES 451 million to KRCS as our mission compels. Year on year our financials depict an assertive upward trend as evidenced in the 5-Year chart below.

	2014	2015	2016	2017	2018
Gross Revenues (KES)	425,476,666.44	615,713,626.31	566,036,475.00	1,031,786,828.00	1,261,233,147.76
Revenue Growth Rate	87%	45%	-8%	82%	22%
Profit Before Tax (KES)	26,142,743.37	22,791,788.40	69,781,005.38	160,912,857.89	33,667,39.95
Profit After Tax (KES)	45,877,917.37	22,345,784.40	63,008,375.38	104,198,530.89	21,195,723.86

In 2018 we:

- Appreciably grew our membership numbers to 884,000 up from 594,000 in 2017. We did this by ensuring that we delivered meaningful value which led to the renewal of large contracts and the building of new relationships
- Upgraded our ERP – NAVISION system with a focus on the finance systems, integration of Human Resources and inventory and asset management modules. By integrating financial management into this system, we now have ready metrics at the press of a button and can thus more closely monitor and manage expenditure as well as produce meaningful reports
- Kept a firm lid on operational costs and reduced operational expenditure with focus on both fuel and fleet maintenance
- Grew our employee base slightly from 298 to 302. We continue to manage our full time equivalents carefully and ensure that every element adds value
- Maintained our fleet numbers at 128 which currently appears to be an optimal number
- Grew the number and range of partnerships and are exploring how we could leverage the opportunities offered by the County regional economic blocs
- Participated in the Top 100 Mid-Sized Companies Awards survey, surpassed the requirement and we were recommended for graduation into Club 101. Being a first entrant, we announced our presence and were encouraged to participate in 2019 and to enable graduation in to the Club 101.
- Achieved ISO 9001: 2015 certification in October 2018 having unanimously passed requisite audit
- Increased customer satisfaction and for the second year awarded the Superbrand 2019/2020 status by the UK based organization that conducts these important surveys.

These achievements should not be taken for granted.

Given the soft macroeconomic environment, the gains have come from the collective and dedicated service of our committed staff and it is gratifying.

We continue to pay attention to our staff. We invest in their development and ensure that each has a performance contract that inspires, challenges and keeps them on track. By aligning our efforts company-wide, we have ensured that we are all rowing in the same direction.

In 2018, we were once again recognised as a brand of choice. This recognition is important to us as it confirms that E-Plus is clear on its mission, delivering to its promise to the market and it is credible and admired. This portends great opportunity for us as a strong brand is an asset that can be leveraged to deliver even stronger business results.

2019 PRIORITIES

Based on our achievements in 2018 and residual challenges that remain our priorities in 2019 are to:

1. Sustain our growth trajectory and indeed seek to exceed these across Key Performance Indicators
2. Deepen our presence across the country by seeking new members and strategic partnerships
3. Scale beyond Kenya and finalize due diligence analyses as we seek prospects in Uganda, Tanzania Rwanda and The Gambia where the local Red Cross Society is keen to mirror the business model of Kenya Red Cross Society
4. Continue to monitor the Nairobi Stock Exchange and ready ourselves for a potential listing on the bourse at the right time
5. Strengthen our organizational capabilities with a focus on systems, processes and human capital

I wish to thank the Chairman and the entire Board of Directors for their on-going advice and oversight. The support to management not only keeps us on our toes and ever hungry to make good of our promises but also facilitates our focus.

I also wish to recognise and thank my team at E-Plus. Together we are growing a company that does important work. Through our collective dedication to our vision and our mission, we are not only building a solid business but touching people where they need it most. Furthermore, we are doing it in the right way as we live our values:

Thank you very much for everything that you do and the spirit in which you do it. Our collective ambition and dedication has placed us on the road to more success and we must keep driving towards more. While we cannot rest on our laurels we have reason to bullish about our future.

Susan Ng'ong'a
Managing Director

BOARD DIRECTORS



**DR.
ABBAS GULLET,
MBS**

Dr. Abbas Gullet is the Founder and Chairperson of Emergency Plus Medical Services (E-Plus). He is also the Secretary General (SG) of the Kenya Red Cross Society (KRCS). Emergency Medical Services, which has the largest fleet of critical care ambulances in Kenya, was established under his leadership. He is also the founder and Chairperson of the Boma Groups of hotels in Nairobi, Eldoret and Nyeri which are fully owned by KRCS.

He has worked with KRCS and the International Red Cross and Red Crescent Movement since 1985 holding various positions including Deputy Secretary General, IFRC Geneva. Dr. Gullet also helped to establish the NEPARC (New Partnership of African Red Cross & Red Crescent Societies) in Johannesburg - South Africa, a partnership aimed at African National Societies taking responsibility for their developments.

Dr. Gullet holds a Postgraduate Diploma (MBA) in Practising Management (INSEAD 1997) from the joint campuses of Lancaster University, McGill University, Hitotubashi University, and Bangalore School of Management.



**Ms.
MARY
MAINGI**

Ms. Mary Maingi was appointed as a member of the board in 2010.

Ms. Maingi is currently the Chief Executive Officer (CEO) of HP Insurance Brokers Limited in Kenya. A seasoned technocrat with over 15 years experience in the insurance industry, her focus is on technology as a key business and economic driver. Previously, Ms Maingi was a Partner in Health Partners Insurance Agency, as a commercial change catalyst.

Ms. Maingi holds a MBA in Marketing and a Bachelor of Commerce degree.



**Ms.
SUSAN
NG'ONG'A**

Susan was appointed Managing Director of Emergency Medical Services (E-Plus) in 2015. Since then, she has turned around the business from a KShs160m investment to a KShs. 2.5b investment.

Previously, Susan was General Manager Supply Chain, a unit that is now a commercial wing of KRCS with a turnover of USD\$ 3.3m from US\$ 300,000. Susan joined Kenya Red Cross Society in 2003 as an Administrative Officer/Personal Assistant to the Secretary General where her potential, managerial skills, dedication, commitment and excellent performance caught the attention of the Management and the Board.

Susan holds an M.A. in Practicing Management from Lancaster University (UK), an Executive MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Business Administration degree from Newport University (USA). She is a member of the Chartered Institute of Purchasing & Supplies (UK).



**MR.
PAUL
E.O. GONDI**

Mr. Paul E.O. Gondi was appointed as a member of the board in July 2014.

Mr. Gondi is currently the Group Chairperson of Kenbright NBC Risk and Financial Services in partnership with NBC of South Africa, a company that has a presence in five African countries; Namibia, Swaziland, Nigeria, South Africa and now Kenya. He is also a member of the Governing Council of The Great Lakes University of Kisumu (GLUK). Mr. Gondi has also served in the Finance and Technical Committee of the Kenya Association of Manufactures (KAM) and as an Executive Committee member in the Kenya National Chamber of Commerce. Previously, he was Chairman of the Geothermal Development Company (GDC) and Founder CEO of Thabiti Finance Company Limited.

Mr Gondi is a seasoned banker who holds an MBA from Ontario, Canada.



**MR
.PATRICK M
MUNGAI**

Mr. Patrick M. Mungai was appointed as a member of the board in July 2014.

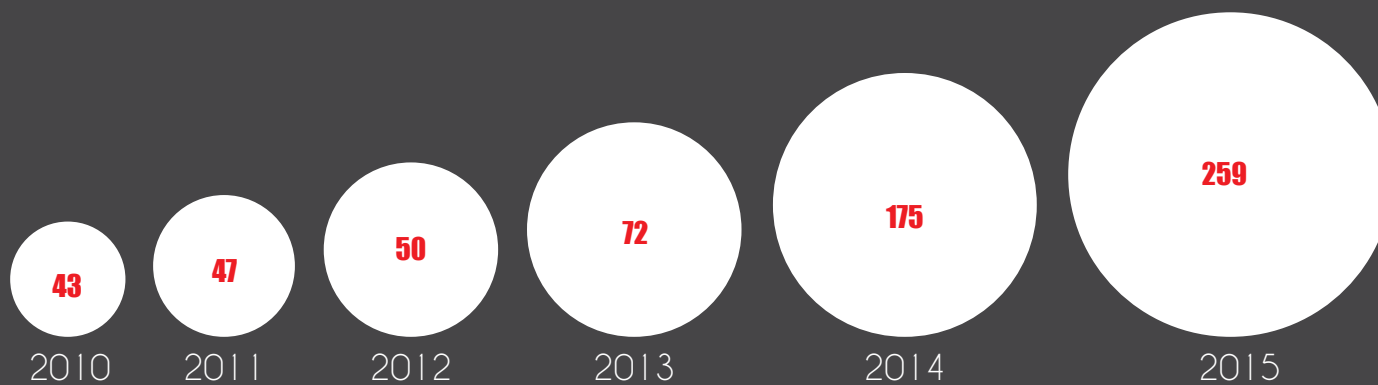
A successful entrepreneur based in Thika, Mr Mungai has been involved in KRCS humanitarian work since 1990 when he registered as a volunteer and life member of the Thika Branch where is a founder member. He negotiated with the Thika Municipal Council for the land where the Thika Branch offices currently stand. He also mobilised donors to furnish the branch offices and acquire more land to construct commercial buildings to make the branch operations sustainable.

Mr Mungai also serves on the KRCS National Executive Committee (NEC) where he has been the Chairperson of the Development Committee for the past 12 years.

The KRCS awarded Mr Mungai an award for his long and outstanding service to humanity after 22 years.



GROWTH OF STAFF NUMBERS OVER TIME





266

2016

298

2017

302

2018

Always mobilised to deliver

OUR WORK



1. MEDICAL OPERATIONS

The overall head of the department is the Medical Director working with the Operations Manager to ensure the smooth running of medical operations within E-Plus.

Four supervisors head the sub-units:

- Quality Assurance Supervisor
- Paramedics' Supervisor
- Dispatch Supervisor
- Logistics Officer

E-Plus has 114 paramedics and emergency medical technicians (EMTs), and 110 ambulance operators. The paramedics and EMTs are trained and skilled in the following SKILLS:

- Advanced Cardiac Life Support
- Prehospital Trauma Life Support
- Pediatric Advanced Life Support
- Critical Care nursing
- Emergency nursing
- Disaster management
- Incident Command System
- Basic Life Support
- Emergency Medical Dispatcher (EMD)

Treatment and Stabilisation

E-Plus provides expeditious care when a client requires emergency care on site and in transit. The E-Plus team of trained medical personnel provides quality pre-hospital care with their primary objective being to stabilize and transfer the casualty to the Hospital of choice as quickly as possible.

A team of medical professionals who are certified with Basic Life Support (BLS) and Advanced Cardiac Life Support (ACLS) operate each ambulance, while all ambulance drivers are certified as Emergency Vehicle Operators (EVOs).

Every vehicle in the fleet operates as a mobile intensive care unit, designed specifically to resuscitate, sustain and monitor patients whether they are critically ill or injured. The ALS ambulances are also equipped with advanced technological equipment and supplies for all advanced life support situations

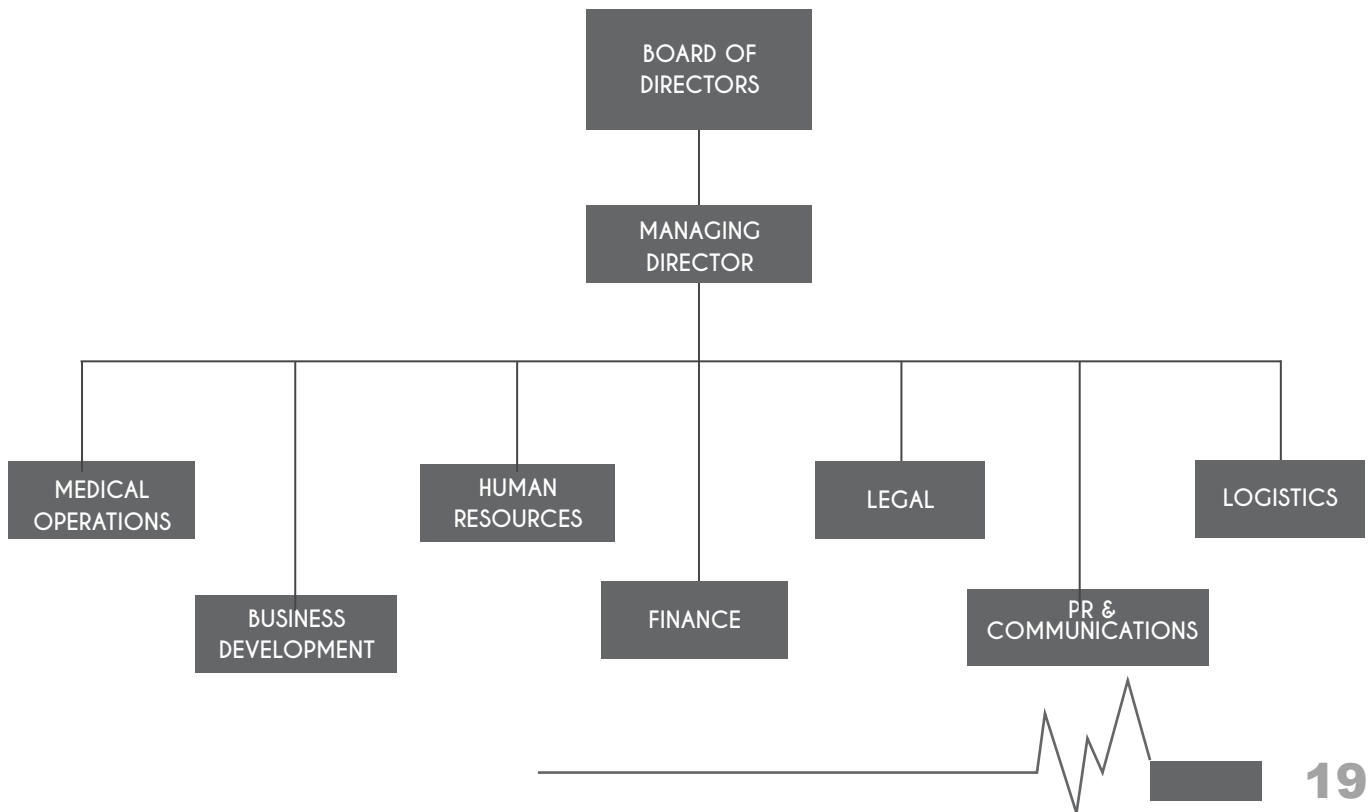


2. BUSINESS DEVELOPMENT

Business Development focuses on:

1. Increasing the E-Plus client base
2. Revenue growth from E-Plus products and services
3. Customer relationship management and engagement
4. Product development
5. Market intelligence and research

ORGANISATIONAL STRUCTURE



OUR PRODUCTS AND SERVICES

1. AMBULANCE MEMBERSHIP

1. Individual and Family Membership
2. School Membership-Elimu Cover and Elimu Plus
3. Corporate Membership-Standard and customised

Benefits

- Adequate and timely medical care from well-qualified medical personnel
- Unlimited ambulance services 24/7
- 24 hrs. medical helpline
- Treatment and stabilisation on site
- Transfer to hospital of choice



2. EVENT COVERAGE

The service is provided to clients holding events (e.g. sports, marathons, corporate launches and other functions) and requires a standby ambulance at the event.

Benefits

- Exclusive standby ambulance services during an event
- Pre-hospital care during the event
- Emergency transfer to nearest hospital if need be



My role at E-Plus is to ensure quality services through the provision and maintenance of excellent service built on the quality of empowered paramedics and EMTs, equipment and consumables in our ACLS and BLS ambulances. My background as a nurse with 23 years experience in trauma and critical care in pre-hospital comes is critical in my current assignment.

I was attracted and pulled into joining the new private ambulance provider under Kenya Red Cross Society because of the latter's reputation in the alleviation of human suffering. It was a very good decision and thus far my experience here has been excellent. Prior to joining E-Plus, I had worked for the Government and other private health institutions.

JAMES MOCHAMA
Quality Assurance Supervisor

3. FIRST AID KITS

E-Plus supplies several types of First Aid kits that have been certified and approved by Kenya Bureau of Standards (KBS). To increase the number of sales of First Aid kits, E-Plus partnered with the automobile industry and supermarkets.



OUR HISTORY

INTRODUCTION

E-Plus is uniquely placed as the statewide emergency health responder to engage, partner and respond to the health needs of a diverse population.

The company has 302 highly skilled frontline health professionals who, coupled with over 80,000 community volunteers and other key health and emergency service partners, play a critical role in the provision of emergency health care to Kenyans in need.

E-Plus appreciates that greater engagement and participation by consumers and the community in their own health care decisions, and in the shape and delivery of health care services more broadly, improves people's experiences of care and ultimately their outcomes.



302 highly skilled frontline health professionals who, coupled with over 80,000 community volunteers and other key health and emergency service partners

2006

The E-Plus concept was born out of a tragedy in 2006, when a senior employee of KRCS was involved in an accident in the upper Eastern Region of Isiolo County. At the time, KRCS had an excellent medical insurance cover for its staff that included ground and air evacuation. Sadly, when the medical insurer was informed about the accident they were unable to evacuate the injured staff member due to time constraint, lack of ambulance evacuation services in Isiolo County, and logistical challenges related to air evacuation. The only option left was to use a KRCS vehicle that though equipped with a siren was not an ambulance and therefore not equipped to evacuate the injured personnel. This single event triggered the idea of establishing an emergency medical service. It took three years to make the idea a reality.



2010

Emergency Plus Medical Services (E-Plus) was founded on 23rd March 2010. It is a commercial company that is fully owned by the Kenya Red Cross Society (KRCS), with the mandate to provide advanced prehospital care and ambulance services.

2009

In 2009, with the help of the International Federation of Red Cross and Red Crescent Societies (IFRC), the design for a BLS ambulance, adhering to global standards, became a reality. A section of the KRCS senior management team was involved in the process of its design and development. In 2010, Emergency Plus Medical Services (E-Plus) was launched with the purchase of five state-of-the-art (equipped to international standards) BLS ambulances thus making E-Plus the largest privately owned ambulance service provider in Kenya.

Presently, E-Plus boasts a fleet of 128 state-of-the-art ambulances and in its nine years of existence, the company has been providing pre-hospital medical care and ambulance services to patients with illnesses and injuries. These services are provided on a commercial basis as well as under Corporate Social Responsibility (CSR), in fulfilment of the mission and mandate of KRCS.



2016

In February 2016, E-Plus launched air evacuation services and has since then carried out several air evacuations across the country.

E-Plus has continued to endear itself to Kenyans due to its superior equipment, highly qualified personnel, and fast response to all emergencies. Membership fee is affordable and the clientele includes; families, individuals, learning institutions, hospitals, oil prospectors, transportation companies, banks, and small and medium enterprises (SMEs) among others.

Its network of strategically located ambulance bases spread out across the country has enabled E-Plus to carry out timely rescues of victims of road accidents, collapsed buildings, bomb blasts, grenade attacks, fires, mudslides, tribal clashes, riots and other natural or man-made calamities countrywide. E-Plus is now the preferred emergency ambulance rescue service provider in Kenya.



ABOUT US



Emergency Plus Medical Services (E-Plus) is a company fully owned by the Kenya Red Cross Society (KRCS), whose core business is the provision of advanced pre-hospital emergency medical services. In its nine years of existence, E-Plus has been providing pre-hospital medical care and transportation to patients with illnesses and injuries on a commercial basis as well as under corporate social responsibility (CSR), in fulfillment of the mission and mandate of KRCS.

E-Plus is uniquely placed as the statewide emergency health responder to engage, partner and respond to the health needs of a diverse population. Presently, E-Plus has a growing fleet of 128 state-of-the-art ambulances.

**growing fleet of
128 state-of-the-
art ambulances.**

The company has 302 highly skilled frontline health professionals, 80,000 community volunteers and other key health and emergency service partners. They all play a critical role in the provision of emergency health care to Kenyans.

**The company has
302 highly skilled
frontline health
professionals,
80,000 community
volunteers**

E-Plus believes that consumers and the community can improve their care experiences and the ultimate outcomes through greater engagement and participation in decisions about health care, the shape and how it is delivered.



VISION

A regionally recognised leader for responsive, superior quality, emergency medical and trauma response services.

MISSION

We work with our communities and partners to respond to medical and trauma emergencies through the provision of accessible, responsive and quality pre-hospital care to save lives. Our patients will receive prompt and appropriate emergency medical pre-hospital care from properly trained and certified professionals.

CORE VALUES

TEAMWORK

We recognise our long-standing roots in our community and integrate career and volunteer services. As the first line of intervention in the continuum of care during emergencies, we know and respect everyone's role and responsibility. We collaborate to achieve our goals.

INTEGRITY

We are honest and reliable, our actions and decisions are guided by our professionalism, transparency and respect for others. We are accountable to the people we serve- our community, each other and to our authorities.

PROFESSIONAL EXCELLENCE

We provide the highest level of compassionate services at all times. We demonstrate quality and ethical behavior in our work and act in the best interest of the people we serve. We treat people with dignity and consideration.

OUR BUSINESS

E-PLUS CORE SERVICES

- 24 hour evacuation
- Cross-border evacuation
- Event coverage; standby ambulance for events
- Long-term contracting for special projects
- Field support and escort
- Inter-hospital transfers
- Long distance transfer of patients
- Paramedic training and certification
- Sale of certified first-aid kits
- County ambulance service
- Air evacuation



KEY PARTNERS

- Kenya Red Cross Society
- National Government
- County Governments
- Other EMS Providers
- NGOs
- Suppliers
- Air Charter Companies
- Insurance Companies
- Ministry of Health
- Media Houses
- Private Citizens
- Residents



KEY ACTIVITIES

- Emergency Response
- Inter-Facility Transfers
- Event Coverage
- Dispatch Coordination
- Sale of First Aid Kits
- Sale of Membership
- Debt Collection
- Internal Controls
- Health Education
- Continuous Medical Education
- Customer Relationship Management (CRM)



KEY RESOURCES

- Skilled Employees
- Fleet of Ambulances
- Dispatch Centre
- Dispatch System (Zone Control)
- Efficient Management Team
- Medical Equipment
- Strong Brand
- Finances



COST STRUCTURE:

- Vehicle Cost
- Personnel Cost
- Equipment Maintenance and Repair
- Administration Cost
- Consumables
- Outsourced Services (Utilities)
- Taxation
- Professional Indemnity
- CSR Cost
- Marketing
- Counseling Services
- Training (Staff)



MODEL CANVAS

This business model canvas visually showcases the fundamental building blocks of our entire business, from our value proposition to customer segments. It provides clarity and facilitates strategic decision-making.

VALUE PROPOSITION

- EMS Response
- Ground Evacuations
- Event Coverage
- First-Aid Kits
- Medical Escorts
- Medical Taxis
- Air Evacuation
- Vast Coverage (all over Kenya)
- Nurse-led Clinics
- Quality Service
- Timely/Efficient Response
- Timely Feedback
- Consistency
- EMR



CUSTOMER RELATIONSHIP

- Empathy
- Trust
- Reliability
- Integrity
- Patient Follow-up
- Discount (Incentives)
- Confidentiality
- CSR
- Effective Consultation and Communication

CHANNELS

- Ambulances
- Websites
- Phones
- Direct Marketing
- Activations
- Outdoor Advertising
- Media
- KRCS Map



CUSTOMER SEGMENTS

- Individuals
- Group membership
- Residential Estates
- Real Estates (Housing)
- Hospitals
- Insurance companies
- Learning Institutions
- Corporate
- NGOs
- County Governments



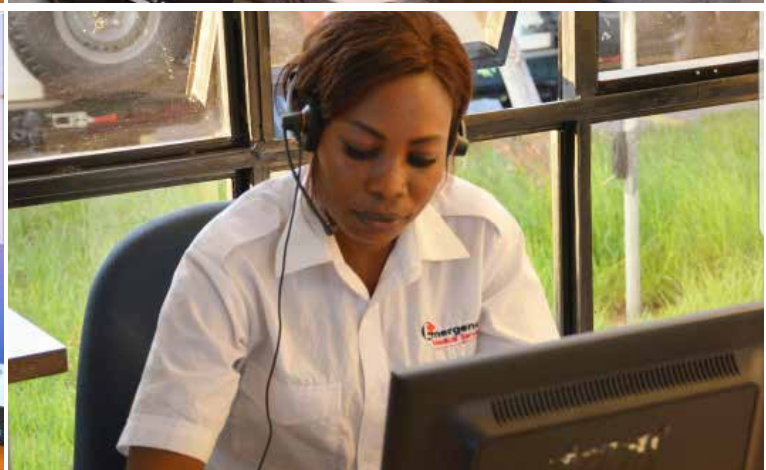
REVENUE STREAMS

- Cash Calls
- First Aid Kit Sales
- Air Evacuation
- Membership Training
- Consultancy Services
- Events Coverage
- NHIF
- Leases of Ambulances
- Ground Ambulance





24 HOUR EMERGENCY DISPATCH CENTRE



QUALITY PRIORITIES

IMPROVE PATIENT CARE

Rationale: To reduce morbidity and mortality of patients

This is achieved through improving our infrastructure, continuous education and training of staff and increasing the use of new technology.

IMPROVE PERSONNEL PERFORMANCE

Rationale: To improve all round care given to the patients while in transit.

This is achieved through weekly continuous medical education and training of our medical personnel. In addition, the medical teams receive regular and up to date certification in pre-hospital trauma life support (PHTLS), basic life support (BLS), advanced trauma life support (ATLS) and advanced cardiac life support (ACLS).

REDUCE RESPONSE TIMES

Rationale: To achieve 95% of our target response time of 15 minutes in urban areas and 20 minutes in rural areas.

This is achieved through strategic positioning of our ambulances for the benefit of our clientele. The ambulances are located along highways throughout the country, use GPRS to locate and dispatch ambulances and use of the medical dispatch priority system (MDPS).

STRATEGIC PRIORITIES

Operational Excellence

Enhanced quality of service and customer experience



Pre-Hospital Care Excellence

Reduced morbidity and mortality in transit



Strategic Partnerships

Improved collaboration and support from strategic partners

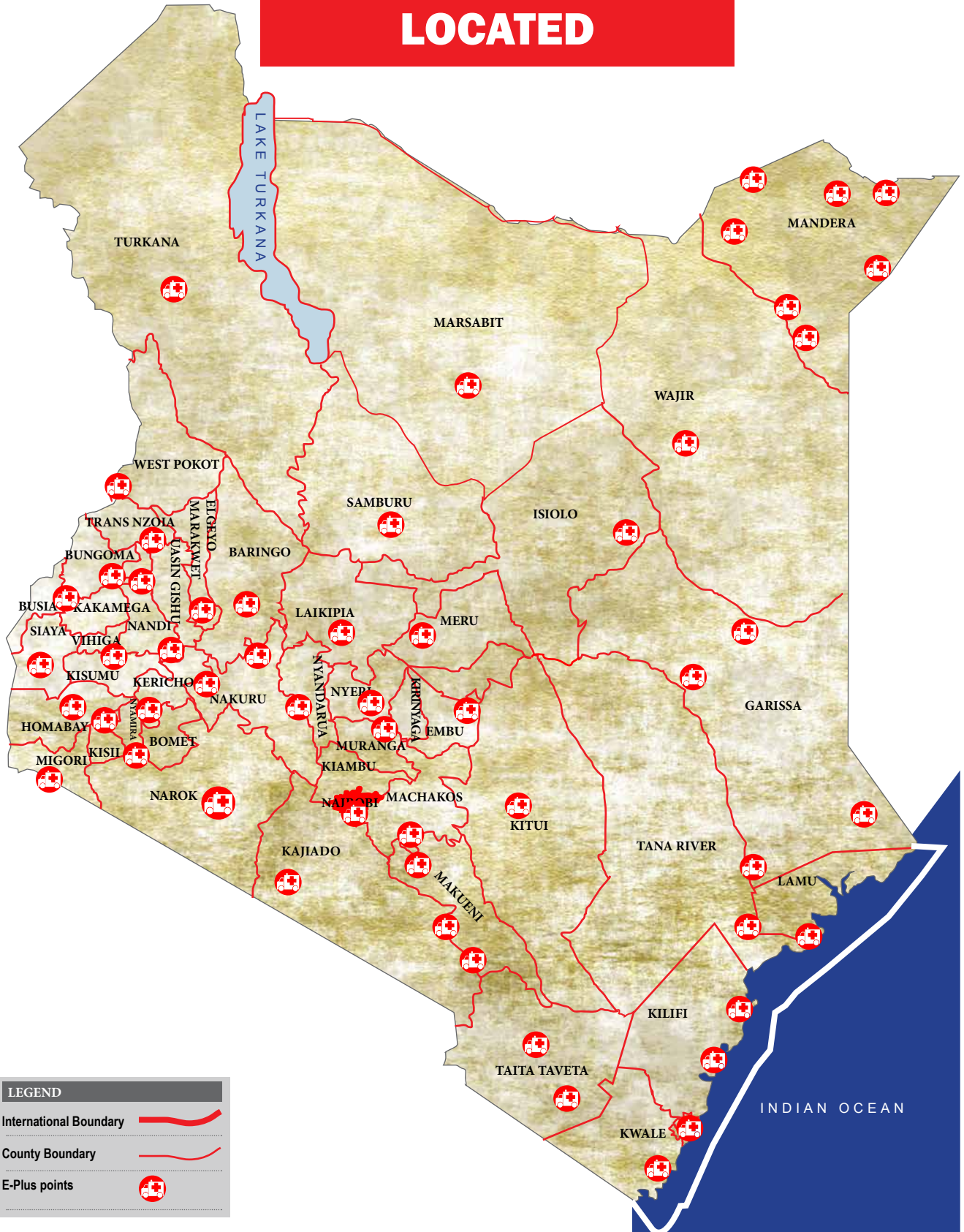


Financial Sustainability

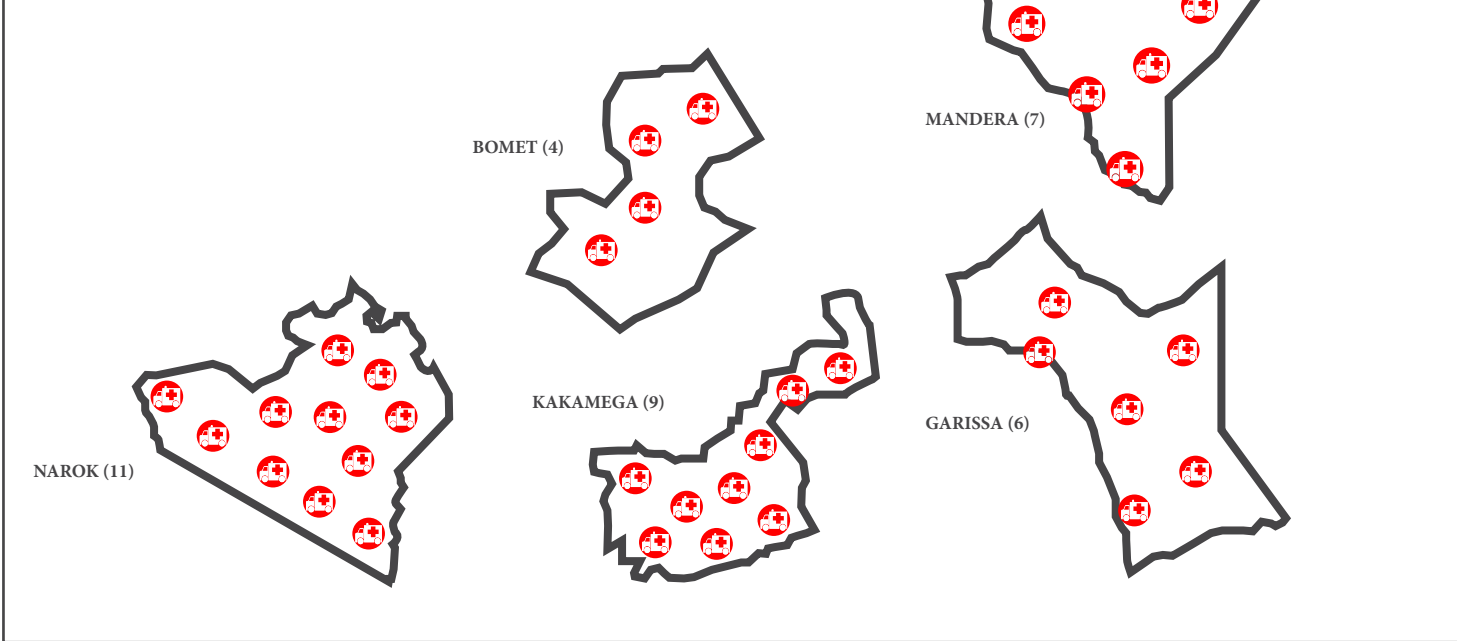
Increased revenue and shareholder value



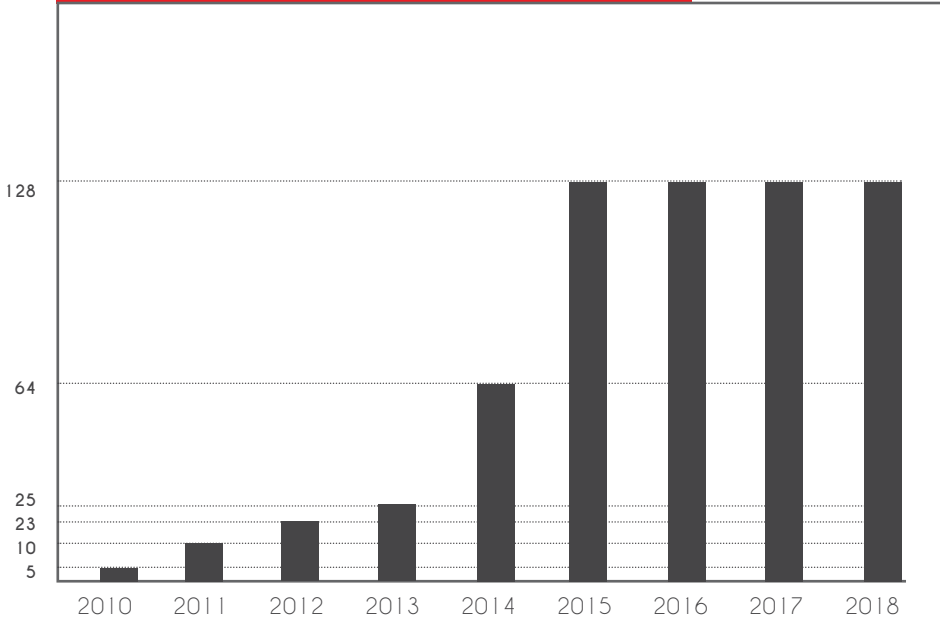
WHERE OUR AMBULANCES ARE LOCATED



SERVICE CONTRACTS WITH FIVE COUNTIES



FLEET GROWTH





2018 ACHIEVEMENTS

E-Plus also achieved ISO 9001:2015 certification, added more partners and increased the number of employees.

E-Plus made remarkable advancements in 2018 on several fronts. In summary, the establishment was recognised as the brand of choice, increased membership numbers and upgraded the IT systems. E-Plus also achieved ISO 9001:2015 certification, added more partners and increased the number of employees.

I am a registered nurse with eight years clinical experience in high level care of patients. Having worked in private institutions as a bedside nurse, the opportunity to work in the pre-hospital care, presented a good chance to practice and learn. As a paramedic at E-Plus, my role is to provide emergency medical and trauma care. I also cover standby events.

The efficient systems, teamwork, professionalism, job satisfaction and the overall working environment are the reason why working at E-Plus is enjoyable. Our company is the current leader in the provision of pre-hospital care services in this region. It gives us all a sense of pride to be associated with it.

I have numerous achievements but of note are the many successful emergency responses that I have been a part of. I am also proud of the wide range of experiences acquired from the field as a result of short training courses. I have not only grown as a person, in knowledge and experience but I can now mentor colleagues and student EMTs.

I am currently based in Nairobi but have also worked in Mandera.

MAKORI BOSIRE VINCENT

Paramedic

AS PER 2018 PRIORITIES

A. UTILISATION OF TECHNOLOGY TO ENGAGE CLIENTS

E-Plus utilises the Customer Relationship Manager (CRM), which is a fully automated system to engage with clients. The system maintains a client database and records the number of ambulance responses undertaken. The organisation can now maintain and access data from as far back as 2010 for pre-hospital research and to maintain an evidence-based practice.

To improve financial reporting and inventory management, E-Plus upgraded the ERP - Navision Software in 2018. The focus modules were on the finance systems, integration of human resources and inventory and asset management. By integrating financial management into this system, E-Plus can now produce ready metrics at the press of a button and can thus more closely monitor and manage expenditure as well as produce meaningful reports

An option for online membership enrollment was included when the official Website was upgraded and customer feedback can now be received in real-time. In addition, clients can now use the Red Cross App to request for an ambulance online, as well as enroll for membership.

B. INCREASE STRATEGIC PARTNERSHIP AGREEMENTS TO GROW E-PLUS BRAND AND INFLUENCE

There were two new strategic partnerships:

- DAC Aviation - This is a positive engagement as E-Plus sources for the right assets in a bid to venture into air aviation.
- Lake Region Economic Block - This economic block represents 14 counties and the target is to eventually provide ambulance services to each county within the block.



Clients can now use the Red Cross App to request for an ambulance online, as well as enroll for membership.



National Hospital Insurance Fund (NHIF) signed up for an additional scheme, National Scheme that provides ambulance services to 1.75M principal members

C. INCREASE CLIENT ENGAGEMENT TO IDENTIFY OPPORTUNITIES

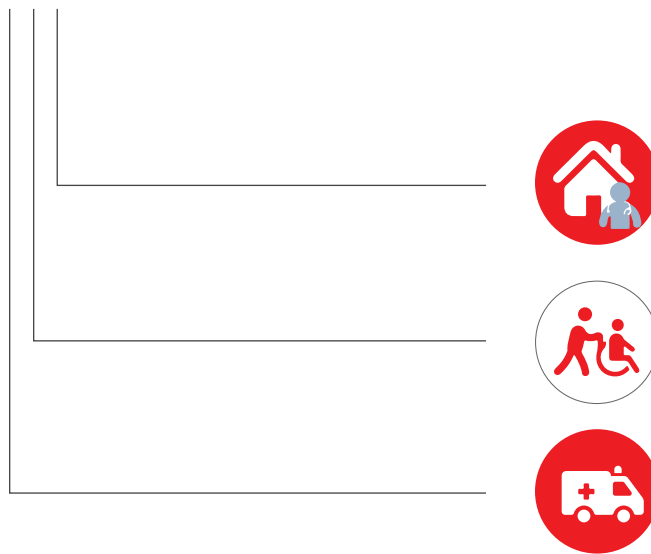
Three new clients came on-board;

- Bamburi Cement signed up for corporate ambulance services for all their branches.
- United Nations Office Nairobi (UNON) signed up for provision of standby ambulance services.
- National Hospital Insurance Fund (NHIF) signed up for an additional scheme, National Scheme that provides ambulance services to 1.75M principal members and four dependents. This service commenced in May 2018.
- Garden Specialist Hospital signed up for ambulance services.

D. CUSTOMISE PRODUCTS FOR UNIQUE CLIENT NEEDS

Three customised products for unique client needs were developed to meet the clients' expectations:

- Home based care
- Medical Escorts
- Medical Taxi

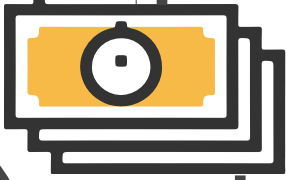




OTHERS ACHIEVEMENTS

A. COST CONTAINMENT

E-Plus kept a firm lid on its operational costs and reduced operation expenditure by focusing on fuel and fleet maintenance. This did not interfere with the organisation's ability to provide quality services at affordable cost. They remained true to their quality improvement plan that is integrated to the ISO quality management system.



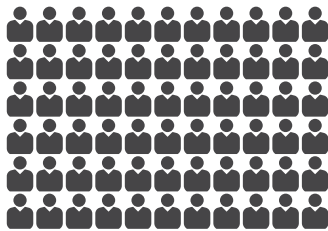
B. MEMBERSHIP INCREASE

Membership numbers rose to 17,038,208 from 15,762,312 in 2018 as a result of renewal of large contracts and building of new relationships. Besides the provision of quality services, E-Plus also embarked on several other activities:

- Mall activations - These were carried out in over 10 malls in Nairobi, Kisumu, Eldoret, Mombasa, Nanyuki and Thika. These resulted in an increase in membership and increased sales of First Aid kits.
- Advertisements and public relations (PR) activities - The recruitment of an in-house PR and Communications Officer resulted in increased appearances in the mainstream media and advertising, which increased brand awareness and visibility.
- Optimising social media platforms and leveraging on the E-Plus brand and partnership with the Kenya Red Cross Society. This translated to an increase in membership.

- The number of employees grew slightly from 298 to 302. E-Plus continues to manage its full time equivalents carefully and ensure that all elements add value.
- Participated in the Top 100 Mid-Sized Companies Awards survey surpassed the requirement and we were recommended for graduation into Club 101. Being a first entrant, we announced our presence and were encouraged to participate in 2019 to enable graduation into Club 101.
- Increased customer satisfaction and for the second year running was awarded the Superbrand 2019/2020 status by the UK based organisation that conducts these important surveys.

Membership numbers rose to 17,038,208 from 15,762,312 in 2018





ISO 9001:2015 Certification

In November 2018, E-Plus became the first private emergency medical service and ambulance service provider in East Africa to be ISO 9001:2015 certified. This is a great milestone that has inspired E-Plus to continue investing in quality systems so as to provide the best emergency services, reaffirming our sole commitment towards, saving lives.

To achieve set corporate objectives, establishments often develop quality management systems. ISO 9001:2015 series is a tool that specifies requirements that can assist organisations to demonstrate that they have the capability to consistently provide products and services that meet customer needs and the applicable statutory and regulatory requirements.

Organisations apply for ISO 9001:2015 to ensure that they meet their customer requirements and to continually improve their processes. This results in increased efficiency and effectiveness in service delivery.

Medical Operations

The number of ambulance responses peaked at 21,295 while 453 events were covered in 2018.



SuperBrands 2017/2018

East African consumers recognised E-Plus as a Superbrand in 2017/2018. This has inspired the company to invest in quality systems so as to offer the best emergency medical services.



...number of ambulance responses peaked at

21,295

Countrywide Ambulance Responses (Jan 18 – Dec 18)

LOCATION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BARINGO	1	5	12	-	12	8	7	14	6	8	4	5	
BOMET	180	200	161	161	160	157	172	128	132	117	101	144	1,813
BONDO	-	-	-	-	-	-	-	-	-	-	-	-	-
BUNGOMA	5	4	6	6	10	6	1	8	5	5	7	7	70
BUSIA	4	6	7	8	10	18	11	10	9	10	9	6	108
DADAAB	1	-	9	1	6	18	1	7	6	6	1	4	60
ELDORET	4	9	8	7	7	1	8	4	9	13	15	11	96
EMBU	9	1	5	7	11	8	3	6	5	-	8	1	64
GARISSA	113	115	114	91	94	154	139	113	109	130	146	122	1,440
GARSEN	6	1	2	2	4	1	2	3	-	2	2	1	26
HOLA	-	-	-	1	-	-	-	-	-	1	-	-	2
HOMABAY	7	7	7	8	10	10	3	6	4	7	8	2	79
ISIOLO	3	12	5	4	5	7	3	6	4	7	5	3	64
ITEN	3	-	2	3	5	1	5	2	4	4	2	2	33
KABARNET	1	1	-	5	1	2	2	2	2	3	3		22
KAJIADO	1	5	1	1	12	2	9	13	8	18	14	10	94
KAKAMEGA	475	469	482	424	537	484	505	504	523	539	520	480	5,942
KAPENGURIA	-	-	-	1	1	2	-	2	1	-	-	-	7
KAPLONG	-	-	-	-	-	-	-	-	-	-	-	-	-
KAPSABET	13	5	3	7	21	13	15	10	6	14	12	4	123
KENDUBAY	-	-	-	-	-	-	-	-	-	-	-	-	-
KERICHO	4	5	6	2	2	5	3	4	2	3	9	11	56
KERUGOYA	-	-	-	-	-	-	-	-	-	-	-	-	-
KIAMBU	4	10	-	14	3	3	1	3	4	6	6	1	55
KIBWEZI	1	3	3	1	-	1	-	6	-	3	-	-	18
KIJABE	-	-	2	-	3	5	3	4	1	1	3	-	22
KILIFI	3	5	8	-	4	4	3	9	8	4	10	3	61
KINANGOP	-	-	-	-	-	-	1	-	-	-	-	-	1
KISII	11	11	15	17	18	14	11	15	4	8	11	15	150
KISUMU	27	27	36	24	48	39	37	33	25	30	22	21	369
KITALE	-	-	-	1	-	-	-	2	-	-	-	2	5
KITUI	3	2	2	2	2	3	3	3	7	6	9	6	48

Countrywide Ambulance Responses (Jan 18 – Dec 18)

LOCATION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
KWALE	6	6	1	4	5	1	3	5	5	2	4	4	46
LAISAMIS	-	-	-	-	1	-	-	-	-	-	-	-	1
LAMU	-	-	1	1	1	1	2	1	1	-	-	1	9
LODWAR	3	1	1	1	1	2	1	2	-	2	2	4	20
MACHAKOS	7	7	8	8	11	11	3	10	4	10	7	15	101
MAKINDU	-	-	-	1	1	1	-	-	-	-	3	2	8
MAKUENI	-	-	-	-	1	1	-	1	2	1	-	1	7
MALINDI	5	5	12	4	2	3	4	6	7	3	10	5	66
MANDERA	98	101	147	93	126	4	3	3	2	2	2	-	581
MARALAL	-	-	5	-	3	2	3	1	-	1	2	-	17
MARSABIT	4	6	8	9	7	7	4	1	2	4	2	5	59
MATUU	-	-	-	-	1	-	-	-	-	-	-	-	1
MBITA	-	-	-	-	1	-	-	-	-	-	-	-	1
MERU	5	13	12	4	10	13	8	13	3	11	7	4	103
MIGORI	5	6	11	8	2	8	5	9	4	3	6	6	73
MOMBASA	61	45	49	30	43	54	43	36	35	47	52	39	534
MOYALE	2	3	2	-	5	1	5	3	3	-	4	-	28
MTITO ADEI	-	-	-	-	-	-	-	-	-	-	-	-	-
MUMIAS	-	-	-	2	-	-	-	-	-	-	-	-	2
MURANGA	3	5	3	3	7	4	3	5	2	2	2	6	45
MWEA	-	-	-	-	2	-	1	-	1	-	-	-	4
MWINGI	-	-	-	-	-	-	-	-	-	-	-	-	-
NAIROBI	285	327	438	337	383	365	405	376	398	425	377	317	4,433
NAIVASHA	4	4	3	3	5	4	11	23	13	22	7	10	109
NAKURU	5	6	6	13	27	5	9	16	15	13	16	8	139
NANDI	1	-	1	1	-	-	-	2	-	-	-	-	5
NANYUKI	8	8	8	5	8	3	4	4	6	1	3	4	62
NAROK	280	235	284	272	293	288	282	301	304	285	305	286	3,415
NYAHURURU	2	3	5	7	2	8	2	4	1	2	1	3	40
NYAMIRA	-	-	-	-	-	-	-	-	-	-	-	-	-
NYANDARUA	-	2	1	-	-	-	-	-	-	-	-	-	3
NYANZA	-	-	-	-	-	-	-	-	-	-	-	-	-
NYERI	13	5	5	2	6	2	7	10	-	7	3	1	61
OLKALAU	-	-	-	-	1	-	-	-	-	-	-	-	1

Countrywide Ambulance Responses (Jan 18 – Dec 18)

LOCATION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
SAMBURU	7	8	1	1	1	2	4	3	-	2	1	2	32
SIAYA	6	9	8	23	7	6	6	7	6	2	5	3	88
SUBUKIA	-	-	-	-	-	-	-	-	-	-	-	-	-
TAITA TAVETA	2	2	3	3	4	4	1	3	-	1	4	6	33
TENWEK	-	-	1	-	-	1	-	3	2	13	13	4	37
THIKA	7	3	11	7	9	6	7	2	5	6	5	5	73
TRANSZOIA	-	-	-	-	-	-	-	-	-	-	-	-	-
UASINGICHU	-	-	-	-	-	-	-	-	-	-	-	-	-
UKUNDA	-	-	-	-	1	-	-	-	-	-	-	-	1
VIHIGA	-	-	-	-	1	-	-	1	-	-	-	1	3
VOI	4	8	6	5	6	4	6	8	4	2	3	5	61
WAJIR	5	1	5	3	2	1	2	-	1	3	-	1	24
WATAMU	8	6	4	2	2	1	4	4	4	4	2	6	47
WEBUYE	-	-	-	1	5	-	-	-	-	-	-	-	6
WEST POKOT	-	1	2	1	-	-	-	-	-	2	-	-	6
WOTE	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1,715	1,729	1,948	1,652	1,979	1,779	1,786	1,780	1,714	1,823	1,775	1,615	21,295

Diagnosis Profile (Jan 18 – Dec 18)

Cases	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Cardiac cases	152	156	189	171	180	159	172	177	137	166	151	155	1,965
Obstetrics and Gynecology	303	290	358	338	368	353	329	345	365	364	333	349	4,095
Medical cases	745	750	863	717	881	785	793	760	726	791	765	623	9,199
Neurological cases	234	241	218	200	222	214	221	226	215	222	259	241	2,713
Trauma cases	281	292	320	226	328	268	271	272	271	280	267	247	3,323
TOTAL	1,715	1,729	1,948	1,652	1,979	1,779	1,786	1,780	1,714	1,823	1,775	1,615	21,295

Events Coverage

JAN	4
FEB	13
MAR	19
APR	12
MAY	17
JUN	69
JUL	47
AUG	39
SEP	48
OCT	56
NOV	78
DEC	51
TOTAL	453



I joined E-Plus as a paramedic in August 2010 when emergency medical services (EMS) was a silent profession. Determined to save lives in emergency situations, I decided to take on the challenge of serving our community with passion whenever duty called and playing a key role in creating awareness on the importance of pre-hospital care.

I enjoy working at E-Plus. The company started small and today its growth has tremendously impacted many lives. This is most fulfilling. The challenges we have gone and grown through have also enabled each one of us to continuously learn and grow professionally.

In my current role, I am especially proud of our achievement, getting the ISO 9001:2015 certification, which was a great milestone for the organisation and myself. The opportunity to lead this process as a management representative was an exciting yet challenging experience.

RUKIA WARE ABDULKADIR
Operations Manager



I am in charge of the paramedics and EMT teams that give their best in everything that they do because they are empowered.

As a BSN/KRCHN/Critical Care Nurse/ Cardiac Nurse/Flight Nurse with a certificate in counseling, joining E-Plus was an easy decision. I was interested in working for a reputable organisation that was associated with a strong brand like the Kenya Red Cross Society. I began as a paramedic in 2010 and was later promoted to paramedic supervisor. Previously, I served in Kakamega, Kisii, Mandera, Garissa and at the Dadaab refugee camps under UNHCR.

What I enjoy most about E-Plus is the leadership, which I describe as 'being on point'. It is also a professional institution that does not compromise on quality and is serious about its work. They go to great lengths to ensure that clients receive excellent care. At E-Plus, we also have a strategic plan that guides all our actions and decisions. You see, quality is not an accident but a result of concerted effort.

EUNICE KERUBO
Paramedic Supervisor

Training

Training and continuous medical education is crucial to the prosperity of emergency medical technicians and paramedics—it allows the practitioner to learn and discover viable ways to improve on the patient care they deliver and effectively manage a career in the ever-changing landscape of the medical industry.

Continuing medical education allows E-Plus emergency medical technicians and paramedics to:

- Refine skills to improve overall patient care
- Stay current with the latest developments within their specialty
- Address real-world challenges that health care professionals face day to day
- Gain professional growth and a means to advance career status
- Meet licensing/certification requirements
- Learn effective medical team management skills
- Earn membership in professional organizations



Continuous training of E-Plus medical personnel is mandatory. In 2018, three staff trainings were conducted:

- Nairobi and Central Region (9th to 13th July 2018) - 17 ambulance operators and 23 paramedics participated.
- Nairobi and Rift Valley Region (6th to 10th August 2018) - 21 ambulance operators and 30 paramedics participated.
- Western Region (26th to 30th November 2018) - 24 ambulance operators and 29 paramedics were trained.

Short Medical Courses

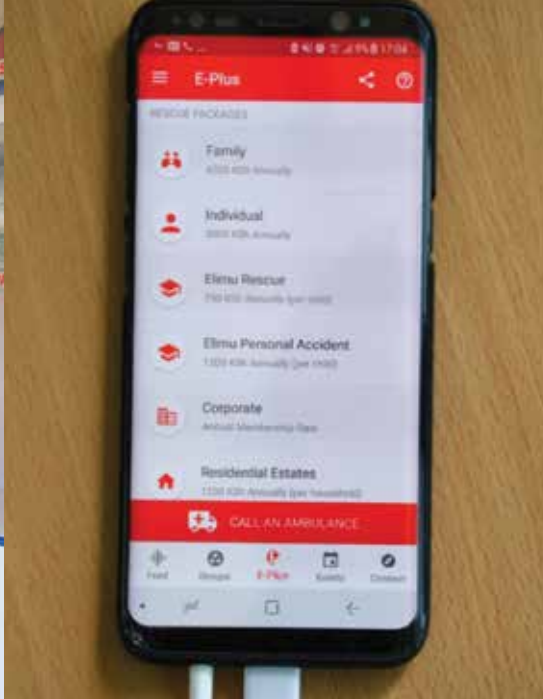
Course Name	Ambulance Operators	Paramedics	Total
Basic First Aid	1	1	2
Basic Life Support	12	14	26
Advanced Cardiac Life Support	0	10	10
Prehospital Trauma Life Support	0	35	35
Ambulance Operators' Course	55	0	55
Continuous Medical Education Sessions	44	44	44

Practicing license renewal status

Operators = 99%

Paramedics = 99%





2019 PRIORITIES

The main priority for E-Plus in 2019 is regional expansion. This will be in line with four priority areas in the strategic plan;

- Operational excellence
- Pre-hospital care excellence
- Strategic partnerships
- Financial sustainability

E-Plus is working on retaining and sustaining its client base and leveraging on the strategic partnerships to increase the customer base. This is in line with the priority to increase strategic partnerships to increase revenues.

The 2nd priority is operational excellence, which is a continuous process particularly after achieving ISO 9001:2015 certification. E-Plus will leverage on the ISO Quality Management system with continuous surveillance and internal audits.



TESTIMONIALS

As E-Plus Medical Services continues to flourish, the extensive list of clientele ranging from civil servants, diplomats, corporates, sports fraternity, and wananchi (citizens) have also praised the professionalism demonstrated by the E-Plus team. In this section we present several testimonials from some of the beneficiaries.

“

“Twice a week, for four months, E-Plus ambulances transported me from my home to Hema Hospital in Kisii for dialysis. Today, I am recovered. I am honoured to say that E-Plus has served my family and me well.” - **Grace Kimorgo, Oldanyati Village, Kilgoris Narok County**

“

“For years, I had not been to hospital over a serious matter. One day, I developed a serious blood infection and was in extreme pain. Fortunately, my children had secured an emergency medical evacuation cover with E-Plus. The ambulance arrived at around 9:30 p.m. and the nurses swiftly assessed my condition and gave me first medical attention before evacuating me to Nairobi, Hospital. I was admitted to HDU ward for five days. That team, saved my life!” - **Mr. Patrick Mung'ala (MBS) - Rtd Chief Conservator**

“

“When two Kenyan pilots were detained after their aircraft crashed in Akobo, South Sudan, E-Plus Medical Services accompanied the rescue team to provide support. Upon their arrival at Jomo Kenyatta International Airport, another team from E-Plus was also at hand to receive and transfer them to Mater Hospital.” - **Ambassador Dr. Monica Juma - Cabinet Secretary, Ministry of Foreign Affairs and International Trade**

“

“E-Plus has continued to maintain and provide first class emergency medical services for us. I salute them! Safety is a critical component in the Safari Rally sport particularly for Kenya as we try to regain World Rally Championship status.” - **Carl 'Flash' Tundo, ARC Safari Rally Champion 2018**

“

“We are happy that all incidences were handled with swiftness and professionalism. We look forward to expanding this partnership beyond Lewa Marathon.” - **Major (Rtd) Michael Kariuki, Head of Security, Safaricom PLC**

“

“The E-Plus team is awesome! Partnering with E-Plus Medical Services, has allowed us to evacuate and hand over patients to hospitals in Nairobi. We have experienced seamless and professional patient handling and time management with the E-Plus team of paramedics.” - **Jacek Rejman, Founder Director and Chief Pilot, Medvac Arusha- Tanzania**



FINANCIAL STATEMENTS AND AUDITED ACCOUNTS

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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The following pages do not form an integral part of these financial statements

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EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dr. Abbas Gullet, MBS
	:	Ms. Mary Maingi
	:	Mr. Paul Edward Odhiambo Gondi
	:	Mr. Patrick Mwangi Mungai
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	L.R. No. 209/10203
	:	Red Cross Road, off Popo Road
	:	P.O. Box 40712, 00100
	:	NAIROBI
INDEPENDENT AUDITOR	:	PKF Kenya
	:	Certified Public Accountants
	:	P.O. Box 14077, 00800
	:	NAIROBI
COMPANY SECRETARIES	:	Njeri Mukururi & Company Advocates
	:	Certified Public Secretaries
	:	P.O. Box 41903, 00100
	:	NAIROBI
PRINCIPAL BANKERS	:	National Bank of Kenya Limited
	:	P.O. Box 69562, 00400
	:	NAIROBI
PARENT	:	Kenya Red Cross Society
	:	KENYA

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activity of the company is provision of pre-hospital medical care and transportation of patients with illnesses and injuries on a commercial basis as well as under corporate social responsibility.

BUSINESS REVIEW

During the year 2018 the total turnover of the company increased from Shs. 1,013,438,355 in 2017 to Shs. 1,252,118,890. This was mainly attributed to a new contract signed during the year. The profit before tax decreased from Shs. 104,198,626 to Shs. 21,195,726 reflecting the effects donation made to Kenya Red Cross Society.

As at 31 December 2018, the net asset position of the company was Shs. 71,362,680 compared to Shs 92,973,141 as at 31 December 2017.

Key performance indicators	2018	2017
Turnover (Shs)	<u>1,252,118,890</u>	<u>1,013,438,355</u>
Gross profit (Shs)	<u>735,567,932</u>	<u>530,311,653</u>
Gross profit margin (%)	<u>59</u>	<u>52</u>
Profit for the year (Shs)	<u>21,195,726</u>	<u>104,198,626</u>
Net assets (Shs)	<u>71,362,680</u>	<u>92,973,141</u>

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging as this is a new product in the market. The company's strategic focus is to enhance revenue growth through creating awareness of the organisations products and at the same time maintaining adequate surplus.

In additions the business risk discussed above the company activities is exposed to a number of financial risks which are described in detail in Note 18 in the financial statements.

SHARE CAPITAL

The company converted its ownership from limited by guarantee to limited by shares with an authorised share capital of Shs. 20,000,000 representing 100,000 ordinary shares of Shs. 200 each and issued and fully paid of Shs. 20,000,000 representing 100,000 ordinary shares of Shs. 200 each on 4 April 2018

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2017: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1. In accordance with the company's Articles of Association, no director is due for retirement by rotation.

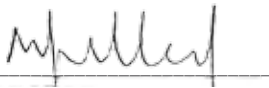
With respect to each director at the time this report was approved:

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

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan 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 the related fees.

BY ORDER OF THE BOARD



DIRECTOR
NAIROBI

18 March. 2019

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs 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 keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the the company that comply with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

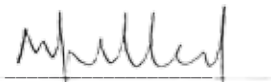
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approved by the board of directors on 18 March, 2019 and signed on its behalf by:



DIRECTOR



DIRECTOR

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EMERGENCY PLUS MEDICAL SERVICES LIMITED

Opinion

We have audited the financial statements of Emergency Plus Medical Services Limited set out on pages 8 to 33, which comprise the statement of financial position as at 31 December 2018, statement of profit or loss, statement of changes in funds, statement of cash flows for the year then ended and notes to the financial statements, 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 Emergency Plus Medical Services Limited as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 company 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 other 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 directors are responsible for the other information. The other information comprises the report of the directors, statement of directors' responsibilities and the schedule of other expenditure 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 directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EMERGENCY PLUS MEDICAL SERVICES LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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 company'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 our auditor's report. However, future events or conditions may cause the company 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.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF EMERGENCY PLUS MEDICAL SERVICES LIMITED (CONTINUED)

Report on other matters prescribed by the Kenyan Companies Act

In our opinion the information given in the report of the directors on pages 2 and 3 are consistent with the financial statements.

Certified Public Accountants
NAIROBI

PKF Kenya 2019

CPA Mike Kimundu - P/No. 2235
Signing partner responsible for the independent audit

18 March, /19

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EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF PROFIT OR LOSS

	Notes	2018 Shs	2017 Shs
Revenue	2	1,252,118,890	1,013,438,355
Cost of sales		<u>(516,550,958)</u>	<u>(483,126,702)</u>
Gross profit		735,567,932	530,311,653
Other operating income	3	8,752,380	18,348,473
Selling and marketing expenses		(101,815,306)	(76,214,069)
Administrative expenses		(579,869,805)	(255,511,611)
Other operating expenses		<u>(23,874,513)</u>	<u>(24,189,462)</u>
Operating profit	4	38,760,688	192,744,984
Finance costs	6	<u>(5,093,366)</u>	<u>(31,832,031)</u>
Profit before tax		33,667,322	160,912,953
Tax	7	<u>(12,471,596)</u>	<u>(56,714,327)</u>
Profit for the year		<u><u>21,195,726</u></u>	<u><u>104,198,626</u></u>

The notes on pages 60 to 91 form an integral part of these financial statements.

Report of the independent auditor - pages 52 to 54.



EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2018	2017
		Shs	Shs
CAPITAL EMPLOYED			
Share capital	8	20,000,000	-
Capital fund	9	141,761,575	161,761,575
Accumulated (losses)		(90,398,895)	(68,788,434)
		<u>71,362,680</u>	<u>92,973,141</u>
Shareholders' fund			
Non-current liabilities			
Deferred tax	11	-	1,000,849
		<u>71,362,680</u>	<u>93,973,990</u>
REPRESENTED BY			
Non current assets			
Deferred tax	11	14,720,873	-
Property and equipment	12	82,691,745	88,647,880
		<u>97,412,618</u>	<u>88,647,880</u>
Current assets			
Inventories	13	10,784,553	8,623,764
Trade and other receivables	14	211,657,227	344,178,863
Cash and cash equivalents	15	91,997,230	94,966,596
Tax recoverable		331,091	-
		<u>314,770,101</u>	<u>447,769,223</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Current liabilities			
Trade and other payables	16	75,376,748	117,199,815
Deferred income	17	265,443,291	242,640,272
Borrowings	10	-	52,951,348
Current tax		-	29,651,678
		<u>340,820,039</u>	<u>442,443,113</u>
Net current (liabilities)/assets		<u>(26,049,938)</u>	<u>5,326,110</u>
		<u>71,362,680</u>	<u>93,973,990</u>

The financial statements on pages 8 to 33 were approved and authorised for issue by the Board of Directors on 18 March 2019 and were signed on its behalf by:

M. P. Miller DIRECTOR

REYMM DIRECTOR

The notes on pages 60 to 91 form an integral part of these financial statements.

Report of the independent auditor - pages 52 to 54.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CHANGES IN FUNDS

	Notes	Share capital Shs	Capital fund Shs	Retained earnings Shs	Total Shs
Year ended 31 December 2017					
At start of year		-	161,761,575	(172,987,060)	(11,225,485)
(Loss) for the year		-	-	104,198,626	104,198,626
At end of year		-	161,761,575	(68,788,434)	92,973,141
Year ended 31 December 2018					
At start of year		-	161,761,575	(68,788,434)	92,973,141
Prior year adjustments:					
Changes on initial application of IFRS 9					
• trade and other receivables and cash and bank balances	23	-	-	(63,176,385)	(63,176,385)
• deferred tax	11	-	-	20,370,198	20,370,198
At start of year - as restated		-	161,761,575	(111,594,621)	50,166,954
Profit for the year		-	-	21,195,726	21,195,726
Transactions with owners:					
• Issue of ordinary share capital	8	20,000,000	(20,000,000)	-	-
At end of year		20,000,000	141,761,575	(90,398,895)	71,362,680

The notes on pages 60 to 91 form an integral part of these financial statements.

Report of the independent auditor - pages 52 to 54.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CASH FLOWS

	Notes	2018 Shs	2017 Shs
Operating activities			
Cash from operations	18	103,573,197	333,933,009
Interest paid		(5,808,346)	(25,579,586)
Tax paid		(37,805,889)	-
Net cash from operating activities		<u>59,958,962</u>	<u>308,353,423</u>
Investing activities			
Purchase of property and equipment	12	(10,691,960)	(5,392,281)
Proceeds from disposal of property and equipment		-	100,000
Net cash (used in) investing activities		<u>(10,691,960)</u>	<u>(5,292,281)</u>
Financing activities			
Repayments of long-term borrowings	10	(52,951,348)	(188,142,576)
Changes in restricted cash balances	15	53,323,790	(69,300,000)
Net cash from/(used in) financing activities		<u>372,442</u>	<u>(257,442,576)</u>
Increase in cash and cash equivalents		<u><u>49,639,444</u></u>	<u><u>45,618,566</u></u>
Movement in cash and cash equivalents			
At start of year		25,666,596	(13,699,525)
Increase		49,639,444	45,618,566
Effect of exchange rate changes		714,980	(6,252,445)
At end of year	15	<u><u>76,021,020</u></u>	<u><u>25,666,596</u></u>

The notes on pages 60 to 91 form an integral part of these financial statements.
Report of the independent auditor - pages 52 to 54.



EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 20.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New and amended standards adopted by the company

All new and amended standards and interpretations that have become effective for the first time in the financial year beginning 1 January 2018 have been adopted by the company. Of those, the following has had an effect on the company's financial statements:

International Financial Reporting Standards 9 (IFRS 9): Financial Instruments

IFRS 9 requires all financial assets to be measured at fair value on initial recognition and subsequently at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, IFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at the inception of a contract; this will require judgement in quantifying the impact of forecast economic factors. For financial assets for which there has not been a significant increase in credit risk since initial recognition, the loss allowance should represent ECLs that would result from probable default events within 12 months from the reporting date (12-month ECLs). For financial assets for which there has been a significant increase in credit risk, the loss allowance should represent lifetime ECLs. A simplified approach is allowed for trade receivables and lease receivables, whereby lifetime ECLs can be recognised from inception.

The company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The company did not early adopt IFRS 9 in previous periods.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New and amended standards adopted by the company (continued)

International Financial Reporting Standards 9 (IFRS 9): Financial Instruments(continued)

The company has adopted the simplified approach for the purpose for calculating the expected credit losses. In adopting the simplified approach, the company uses a provision matrix to calculate the expected credit losses that is based on the historical credit loss experience for trade receivables to estimate the expected credit losses. The simplified approach deviates from the general approach on recognition expected credit losses where it allows for recognition only for life time credit losses at the date of each reporting date.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. Therefore the adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in opening retained earnings.

Consequently, for notes and disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes and disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the company. Further details of the specific IFRS 9 accounting policies applied in the current period are described in more detail in note 1(a) (i) and note 20 (b).

(i) Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
	Measurement category	Carrying amount Shs.	Measurement category	Carrying amount Shs.
Financial assets				
Cash and cash equivalents	Amortised cost	94,966,596	Amortised cost	92,184,481
Loans and advances	Amortised cost	<u>344,178,863</u>	Amortised cost	<u>283,784,594</u>
		<u>439,145,459</u>		<u>375,969,074</u>

(ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The company performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. For more detailed information regarding the new classification requirements of IFRS 9, refer to note 1(a) (i).

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New and amended standards adopted by the company (continued)

International Financial Reporting Standards 9 (IFRS 9): Financial Instruments (continued)

(ii) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	IAS 39			IFRS 9
	Carrying amount			Carrying amount
Amortised cost:	31-Dec-17	Re-classification	Re-measurement	1-Jan-18
	Shs.	Shs.	Shs.	Shs.
Cash and cash equivalents				
Balance under IAS 39	94,966,596	-	-	-
Remeasurement: ECL allowance	-	-	(2,782,115)	-
Balance under IFRS 9	-	-	-	92,184,481
Trade and other receivables				
Balance under IAS 39	344,178,863	-	-	-
Remeasurement: ECL allowance	-	-	(63,506,275)	-
Balance under IFRS 9	-	-	-	280,672,588

(iii) Significant and material impacts

- Total provision for impairment of trade and receivables increased by Shs. 60,394,269 from Shs. 3,112,006 as at 31 December 2017 to Shs. 63,506,275 as at 1 January 2018;
- Total provision for impairment of cash and cash equivalents increased by Shs. 2,782,115 from Shs. nil as at 31 December 2017 to Shs. 2,782,115 as at 1 January 2018;
- Overall decrease in equity due to adoption of IFRS 9 is Shs. 40,998,145.

IFRS 15: Revenue from contracts with customers

Under IFRS 15, revenue from ambulance coverage fees and membership fees is recognised over time as the company performs its performance obligations over the period of the ambulance cover and

membership. The application of the standard, retrospectively, in the current year has not had a material impact on the financial position or financial performance of the company, and a prior period adjustment has, therefore, not been required. Sale of training kits is recognised at the point of delivery of the kits hence recognised at point of transfer.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or sale will comprise general borrowings.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2019 clarifying that IFRS 9 is only applicable to investments to which the equity method is not applied.
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' effective for annual periods beginning on or after 1 January 2019 in relation to remeasurement of previously held interests on a joint operation on obtaining control.
- Amendments to IFRS 9 'Financial Instruments' effective for annual periods beginning on or after 1 January 2019 clarifying that the existence of prepayment features with negative compensation will not in itself cause the instrument to fail the amortised cost classification.
- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2022 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (issued in December 2016) effective for annual periods beginning on or after 1 January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes.

The directors expect that the future adoption of IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The total operating lease commitments as at 31 December 2018 is disclosed in note 22 where the gross lease commitments are Shs. 239,857,141. The directors do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The society plans to apply the changes above from their effective dates.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting estimates and judgement

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Measurement of Expected Credit Losses (ECL) - Trade receivables**

In recognising the expected credit losses on trade receivables, the company has adopted the simplified approach. The company has adopted the provision matrix to measure expected credit losses where by a default rate is applied on debtors depending on the number of days that a trade receivable is past due. The default rate is estimated based on the company's historical default rate and reviewed and adjusted for forward looking information on a periodical basis.

- **Measurement of Expected Credit Losses (ECL) - Cash and cash equivalents**

An expected credit loss model for deposits and call balances placed with banks will be based on the default rate assigned by global credit rating bodies S&P and GCR.

The S&P ranking has assigned a risk/default rate of 0.00% for financial institutions rated AAA, 0.02% for AA rated, 0.07% A rated, 0.29% for BBB rated, 0.76% for BB rated, 2.93% for B rated and 15.79% for CCC/C rated financial institutions (Source 2017 Annual Global Corporate Default Study, Standard & Poor). GCR has carried out a credit rating of Kenyan banks but has not assigned risk/default rates for the various ratings given. On the other hand, S&P has not done a rating specific to Kenyan financial institutions but has risk rates assigned to various ratings as documented above whose description we have reviewed and came up with the risk rates applicable to Kenyan banks.

In the GCR rating of Kenyan financial institutions falling into tier one are described as consistently having a stable outlook which is what is similar to the S&P description of financial institutions rated BB.

Hence a default rate of 0.76% has been considered for deposits held with Tier one banks. Tier two banks such are described as having a stable or positive outlook in the GCR rating which can be equated to the S&P rating of B with a default rate of 2.93%. Whilst Tier three banks such as stable or positive or watch outlook by GCR which bear similar descriptions as the CCC/C rating by S&P with a risk/default rate of 15.79%.

- **Assessment of credit risk**

The company assess and recognises lifetime expected credit losses at the end of the each reporting dates.

c) Significant judgements made by management in applying the company's accounting policies

- Useful lives of property and equipment - Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant judgements made by management in applying the company's accounting policies (continued)

Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- **Default rates for expected credit losses**

The company has considered the point of default as 12 months from the period of cover as credit impaired. This is on the basis that after 12 months the cover and membership has lapsed.

d) Revenue

The company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

i) Sales of kits

Sales of kits are recognised upon delivery to, and acceptance by, the customer. Having accepted the goods, customers do not have the right to return them. There is no variable element to the contract price, and payment, less any deposit already paid, is typically due within 30 days of delivery.

ii) Sales of services

Ambulance coverage

Sales of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract.

Membership fees

Membership fee is recognised over time on accrual basis when members subscribe to the services offered. The services are offered over the membership period.

iii) Interest income

Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

iv) Other income

Insurance claim and other income are recognised on a receipt basis.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

f) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on all assets is calculated on straight line method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate</u>
Buildings	2%
Furniture and fittings	10%
Ambulance equipment	10%
Computers	30%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

g) Financial instruments

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

- **Financial assets**

The company classifies its financial assets into the following categories:

Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

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

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial instruments (continued)

• Financial assets (continued)

Impairment

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost

- Cash and cash equivalents
- Trade and other receivables
- The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
 - the credit risk has increased significantly since initial recognition; or
 - there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete and defective inventories.

i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

Current tax is provided on the results for the period, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. 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.

k) Accounting for leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised as a liability and reduction of the rental expense on a straight line basis.

l) Retirement benefit obligations

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The company's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

m) Capital reserves

Capital reserves are funds that represents the initial long term capital contribution by the Kenya Red Cross Society used to establish the company. Except for a sum of Shs 20 as prescribed by Memorandum of Association as the maximum contribution to the company in the event of a wind up or dissolution, the reserve is refundable back to the society at the discretion of the board and on condition that the refund does not give rise to a liquidity shortage.

n) Share capital

Ordinary shares are classified as equity.

o) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	Shs	Shs
2. Revenue		
Recognised over time		
• -Ambulance coverage fee	352,056,950	400,541,439
• -Membership fee	884,052,120	598,088,977
Recognised at a point in time		
• - First aid kits	15,780,482	14,290,579
• -First aid training	229,338	517,360
	<u>1,252,118,890</u>	<u>1,013,438,355</u>
3. Other operating income		
Hire of ambulance equipment	150,000	-
Members deposits	800,250	1,010,000
Other income	7,802,130	13,073,489
Gain on disposal of property and equipment	-	67,750
Insurance claim received	-	4,197,234
	<u>8,752,380</u>	<u>18,348,473</u>
4. Operating profit		
The following items have been charged in arriving at the operating profit:		
(Decrease)/increase in provision for ECL on trade and other receivables (Note 14)	(18,663,354)	3,112,006
(Decrease) in provision for ECL on cash and bank balances (Note 14)	(1,514,472)	-
Rent and rates	360,000	1,140,000
Repairs and maintenance	1,195,930	76,404
Staff costs (Note 5)	104,865,406	84,764,611
Depreciation on property and equipment (Note 12)	16,648,095	15,934,734
Auditor's remuneration		
• Current year	<u>750,000</u>	<u>630,000</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

5. Staff costs

Salaries and wages	62,501,013	50,342,089
Pension costs:		
• Defined contribution scheme contribution	37,990,533	27,628,740
• National Social Security Fund	1,466,400	1,429,600
Other staff costs	411,449	2,868,885
Staff training	562,375	488,222
Staff medical	1,933,636	2,007,075
	<u>104,865,406</u>	<u>84,764,611</u>

The average number of persons employed during the year, by category, were:

Ambulance	276	272
Management and administration	<u>26</u>	<u>26</u>
Total	<u>302</u>	<u>298</u>

6. Finance costs

Foreign exchange (gain)/losses	(714,980)	6,252,445
Interest expense:		
• Term loans and overdrafts	<u>5,808,346</u>	<u>25,579,586</u>
	<u>5,093,366</u>	<u>31,832,031</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	Shs	Shs
7. Tax		
Current tax	7,823,120	29,651,678
Deferred tax charge (Note 11)	4,648,476	27,062,649
	<u>12,471,596</u>	<u>56,714,327</u>
Tax charge	<u>12,471,596</u>	<u>56,714,327</u>
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Profit before tax	<u>33,667,322</u>	<u>160,912,953</u>
Tax calculated at a tax rate of 30% (2017: 30%)	10,100,197	48,273,886
Tax effect of:		
- expenses not deductible for tax purposes	<u>2,371,399</u>	<u>8,440,441</u>
Tax charge	<u>12,471,596</u>	<u>56,714,327</u>
8. Share capital		
Authorised:		
100,000 (2017: Nil) ordinary shares of Shs. 200 each	<u>20,000,000</u>	<u>-</u>
Issued and fully paid:		
100,000 (2017: Nil) ordinary shares of Shs. 200 each	<u>20,000,000</u>	<u>-</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

9. Capital Fund

At start of year	161,761,575	161,761,575
Conversion to ordinary share capital	(20,000,000)	-
At end of year	<u>141,761,575</u>	<u>161,761,575</u>

During the year the company converted its ownership from limited by guarantee to limited by shares. The company converted Shs. 20,000,000 from its capital fund into share capital. The balance of Shs. 141,761,575 is only repayable at discretion of the board of directors of the company.

10. Borrowings

The borrowings are made up as follows:

Current		
Bank loan	-	52,951,348
Total borrowings	<u>-</u>	<u>52,951,348</u>

Reconciliation of liabilities arising from financing activities:

	Borrowings Shs	Total Shs
Year ended 31 December 2018		
At start of year	52,951,348	52,951,348
Interest charged to profit or loss	5,808,346	5,808,346
Cash flows:		
• Operating activities (interest paid)	(5,808,346)	(5,808,346)
• Repayments of long-term borrowings	<u>(52,951,348)</u>	<u>(52,951,348)</u>
	<u>-</u>	<u>-</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

10. Borrowings (continued)	Borrowings Shs	Total Shs
Year ended 31 December 2017		
At start of year	241,093,924	241,093,924
Interest charged to profit or loss	25,579,586	25,579,586
Cash flows:		
• Operating activities (interest paid)	(25,579,586)	(25,579,586)
• Repayments of long-term borrowings	(188,142,576)	(188,142,576)
	<u>52,951,348</u>	<u>52,951,348</u>

The borrowings are secured by the following:

- (i) Further legal charge for Shs. 350,000,000 over L.R No. 209/12890/1 (L.R. No. 140787) and L.R. No. 209/10203 (L.R. No. 43163) in the name of Kenya Red Cross Society.
- (ii) Debenture for Shs. 350,000,000 executed by Kenya Red Cross Society.

In the opinion of the directors, it is impracticable to assign fair values to the company's long-term liabilities due to inability to forecast interest rate and foreign exchange rate changes.

In the opinion of the directors, the carrying amounts of short-term borrowings approximate to their fair value.

The exposure of the company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2018 Shs	2017 Shs
6 months or less	<u>-</u>	<u>52,951,348</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	%	%
Weighted average effective interest rates at the year-end were:		
Bank loan	14.0%	14.0%

The carrying amounts of the company's borrowings are all denominated in Kenya Shillings.

There were no undrawn facilities as at end of the year.

11. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2017: 30%). The movement on the deferred tax account is as follows.

	2018	2017
	Shs	Shs
At start of year - as previously stated	1,000,849	(26,061,800)
Adjustment for IFRS 9	(20,370,198)	-
At start of year - as restated	(19,369,349)	(26,061,800)
Charge to profit or loss (Note 7)	4,648,476	27,062,649
At end of year	(14,720,873)	1,000,849

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Deferred tax (continued)

Deferred tax (assets) and liabilities, and deferred tax (credit)/charge in the profit or loss are attributable to the following items:

	At start of year as previously stated Shs	IFRS 9 adjustments Shs	At start of year as restated Shs	Charge/ (credit) to profit or loss Shs	At end of year Shs
Deferred tax (assets)					
Provisions	-	(20,370,198)	(20,370,198)	5,870,036	(14,500,162)
Property and equipment	1,000,849	-	1,000,849	(1,221,560)	(220,711)
Net deferred tax (assets)	1,000,849	(20,370,198)	(19,369,349)	4,648,476	(14,720,873)

12. Property and equipment

Year ended 31 December 2018

	Buildings Shs	Furniture and fittings Shs	Ambulance equipment Shs	Computers Shs	Total Shs
Cost					
At start of year	5,005,325	7,693,618	130,100,580	13,645,418	156,444,941
Additions	-	458,534	4,623,926	5,609,500	10,691,960
At end of year	5,005,325	8,152,152	134,724,506	19,254,918	167,136,901
Depreciation					
At start of year	800,856	3,450,951	52,643,461	10,901,793	67,797,061
Charge for the year	100,112	788,499	13,249,113	2,510,371	16,648,095
At end of year	900,968	4,239,450	65,892,574	13,412,164	84,445,156
Net book value	4,104,358	3,912,702	68,831,932	5,842,754	82,691,745

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

12. Property and equipment (continued)

Year ended 31 December 2017

	Buildings Shs	Furniture and fittings Shs	Ambulance equipment Shs	Computers Shs	Total Shs
Cost					
At start of year	5,005,325	6,087,595	127,325,117	12,849,623	151,267,660
Additions	-	1,606,023	2,775,463	1,010,795	5,392,281
Disposals	-	-	-	(215,000)	(215,000)
At end of year	<u>5,005,325</u>	<u>7,693,618</u>	<u>130,100,580</u>	<u>13,645,418</u>	<u>156,444,941</u>
Depreciation					
At start of year	700,749	2,803,258	39,803,492	8,737,578	52,045,077
On disposal	-	-	-	(182,750)	(182,750)
Charge for the year	<u>100,107</u>	<u>647,693</u>	<u>12,839,969</u>	<u>2,346,965</u>	<u>15,934,734</u>
At end of year	<u>800,856</u>	<u>3,450,951</u>	<u>52,643,461</u>	<u>10,901,793</u>	<u>67,797,061</u>
Net book value	<u>4,204,470</u>	<u>4,242,667</u>	<u>77,457,119</u>	<u>2,743,625</u>	<u>88,647,880</u>

	2018 Shs	2017 Shs
13. Inventories		
Consumables	<u>10,784,553</u>	<u>8,623,764</u>
14. Trade and other receivables		
Current		
Trade receivables	175,931,824	134,119,563
Less: provision for impairment	<u>(44,842,921)</u>	<u>(3,112,006)</u>
Net trade receivables	131,088,902	131,007,557

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

Other receivables	4,576,658	240,000
Receivables from related parties (Note 19)	<u>75,991,666</u>	<u>212,931,306</u>
	<u>211,657,227</u>	<u>344,178,863</u>

Movement in impairment provisions

At start of year - as previously stated	3,112,006	-
Prior year adjustments:		
• Reversal of provision for doubtful debts as per IAS 39	(3,112,006)	-
• IFRS 9 Adjustment	<u>63,506,275</u>	<u>-</u>
At start of year - as restated (Decrease)/increase	<u>63,506,275</u> <u>(18,663,354)</u>	<u>-</u> <u>3,112,006</u>
At end of year	<u>44,842,921</u>	<u>3,112,006</u>

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The carrying amounts of the company's trade and other receivables are denominated in Kenya Shillings.



EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018 Shs	2017 Shs
15. Cash and cash equivalents		
Cash at bank and in hand	93,264,873	94,966,596
Provision for expected credit losses	<u>(1,267,643)</u>	<u>-</u>
	<u>91,997,230</u>	<u>94,966,596</u>
Provision for expected credit losses		
At start of year - as previously stated	-	-
Prior year adjustment:		
- IFRS 9 Adjustment	<u>2,782,115</u>	<u>-</u>
At start of year - restated	2,782,115	-
Decrease in ECL during the year	<u>(1,514,472)</u>	<u>-</u>
At end of year	<u>1,267,643</u>	<u>-</u>
The weighted average effective interest rate on short-term bank deposits at year-end was 14% (2017: 14%).		
For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:		
Cash at bank and in hand	91,997,230	94,966,596
Less: Restricted cash balances	<u>(15,976,210)</u>	<u>(69,300,000)</u>
	<u>76,021,020</u>	<u>25,666,596</u>

Restricted cash balances relates to performance bond for National Hospital Insurance Fund contract thus not available to the company for general working capital purposes.

The carrying amounts of the company's cash at bank and in hand are denominated in Kenya Shillings.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	Shs	Shs
16. Trade and other payables		
Trade payables	63,322,035	79,053,288
Accruals	9,729,697	8,678,519
Other payables	138,799	6,613,311
Payable to related parties (Note 19)	2,186,217	22,854,697
	75,376,748	117,199,815

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	2018	2017
	Shs	Shs
Kenya Shilling	73,512,883	102,693,222
Swiss Franc	-	10,827,548
US Dollar	1,863,865	3,679,045
	<u>75,376,748</u>	<u>117,199,815</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

16. Trade and other payables (continued)

The maturity analysis of the company's trade and other payables is as follows:

As at 31 December 2018	0 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	47,491,526	15,830,509	63,322,035
Accruals	9,729,697	-	9,729,697
Other payables	138,799	-	138,799
Payable to related parties	1,533,513	652,704	2,186,217
	<u>58,893,535</u>	<u>16,483,213</u>	<u>75,376,748</u>

As at 31 December 2017	0 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	59,289,966	19,763,322	79,053,288
Accruals	8,678,519	-	8,678,519
Other payables	6,613,311	-	6,613,311
Payable to related parties	16,031,331	6,823,366	22,854,697
	<u>90,613,127</u>	<u>26,586,688</u>	<u>117,199,815</u>

17. Deferred income	2018 Shs	2017 Shs
Deferred income	<u>265,443,291</u>	<u>242,640,272</u>

In the opinion of the directors, the carrying amounts of deferred income approximate to their fair value.
The carrying amounts of the company's deferred income are denominated Kenya Shillings.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

	2018	2017
	Shs	Shs
18. Cash from operations		
Reconciliation of profit before tax to cash generated from operations:		
Profit before tax	33,667,322	160,912,953
Adjustments for:		
Depreciation on property and equipment (Note 12)	16,648,095	15,934,734
(Gain) on disposal of property and equipment	-	(67,750)
Interest expense	5,808,346	25,579,586
Foreign exchange losses (Note 6)	(714,980)	6,252,445
Changes in working capital:		
• inventories	(2,160,789)	(481,660)
• trade and other receivables - IFRS 9 adjustment	(63,176,385)	-
• trade and other receivables	132,521,636	112,800,636
• trade and other payables	(41,823,067)	(154,541,473)
• deferred income	22,803,019	167,543,538
Cash from operations	<u>103,573,197</u>	<u>333,933,009</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

19. Related party transactions and balances

The parent company is Kenya Red Cross Society.

	2018 Shs	2017 Shs
i) Sale of goods and services		
Kenya Red Cross Society	30,959,929	18,775,359
Red Court Hotel	65,710	26,000
	<u>31,025,639</u>	<u>18,801,359</u>
ii) Purchase of services		
Kenya Red Cross Society	-	4,141,377
Donation to Kenya Red Cross Society	451,000,000	130,000,000
Red Court Hotel	4,710,390	2,187,880
	<u>455,710,390</u>	<u>136,329,257</u>
Outstanding balances		
Receivables from related parties can be analysed as follows:		
Kenya Red Cross Society - Administration	13,052,100	187,016,721
Kenya Red Cross Society - Branches	1,963,113	775,595
Kenya Red Cross Society - Programs	2,088,821	4,698,091
ICHA	9,395,387	-
Red Court Hotel	49,401,941	20,440,900
	<u>75,901,361</u>	<u>212,931,306</u>
Total receivable from related party (Note 14)		

Kenya Red Cross Society entered into an novation agreement with Boma Hotel to acquire the rights and obligations as at 30 June 2017 of the above advances. In this arrangement the advances due from Boma Hotels were transferred to Kenya Red Cross Society.

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NOTES (CONTINUED)

Outstanding balances

Payables to related parties can be analysed as follows:

Red Court Hotel	337,740	900,200
Kenya Red Cross Society - Administration	786,032	19,158,854
Kenya Red Cross Society - Branches	<u>1,062,445</u>	<u>2,795,643</u>
Total payable to related parties (Note 16)	<u>2,186,217</u>	<u>22,854,697</u>
Key management personnel compensation		
Short term employee benefits	<u>20,384,672</u>	<u>18,787,680</u>

20. Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the management. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.



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NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(a) Market risk (continued)

- Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Swiss Franc and United States Dollars. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The table below summarises the effect on post-tax (loss) had the Kenya Shilling weakened by 10% against the Swiss Franc and United States Dollars, with all other variables held constant. If the Kenya shilling strengthened against the Swiss Franc and United States Dollars, the effect would have been the opposite.

	2018 Shs	2017 Shs
Effect on profit - decrease	<u>130,471</u>	<u>1,015,462</u>

- Interest rate risk

The company's exposure to interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the company to interest rate risk. Borrowings obtained at fixed rates expose the company to fair value interest rate risk.

	2018 Shs	2017 Shs
Effect on profit - decrease	<u>406,584</u>	<u>1,790,571</u>

The table above summarises the reduction on post-tax (loss) had interest rates been 100 basis points higher, with all other variables held constant. If the interest rates were lower by 100 basis points, the effect would have been the opposite.

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NOTES (CONTINUED)

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

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

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

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

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

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



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NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Lifetime expected credit losses	Total
	Shs	Shs
Trade receivables	175,931,824	175,931,824
Other receivables	4,576,658	4,576,658
Receivables from related parties	75,991,666	75,991,666
Cash at bank	75,991,666	75,991,666
	<hr/>	<hr/>
Gross carrying amount	332,491,814	332,491,814
Loss allowance	(46,110,565)	(46,110,565)
	<hr/>	<hr/>
Exposure to credit risk	<u>286,381,250</u>	<u>286,381,250</u>

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

trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

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NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

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

	Not past due	30 to 60 days past	61 to 90 days past	Over 90 days past	Total
	Shs	Shs	Shs	Shs	Shs
As at 31 December 2018	<u>8,641,004</u>	<u>5,264,406</u>	<u>163,787</u>	<u>263,394,181</u>	<u>277,463,378</u>
As at 31 December 2017	<u>18,490,072</u>	<u>27,274,668</u>	<u>29,395,514</u>	<u>271,428,615</u>	<u>346,588,869</u>

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

Basis for measurement of loss allowance

	Lifetime expected credit losses (see note below)	Total
	Shs	Shs
Year ended 31 December 2018		
At start of year	-	-
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	<u>(46,110,565)</u>	<u>(46,110,565)</u>
At end of year	<u>(46,110,565)</u>	<u>(46,110,565)</u>

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

20. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

The loss allowances at the end of each year relate to the following;

	Lifetime expected credit losses	Total
	Shs	Shs
Basis for measurement of loss allowance		
Trade receivables (all related to contracts with customers) Cash at bank	(44,842,921)	(44,842,921)
	<u>(1,267,643)</u>	<u>(1,267,643)</u>
Total	<u><u>(46,110,565)</u></u>	<u><u>(46,110,565)</u></u>

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

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to pay off liabilities as they fall due.

A disclosure of the undrawn facilities is as per Note 10. This is the company's liquidity reserve.

Notes 10 and 16 disclose the maturity analysis of borrowings and trade and other payables respectively.

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NOTES (CONTINUED)

(c) Liquidity risk (continued)

The table on the next page disclose the undiscounted maturity profile of the company's financial liabilities:

The key assumptions made in the maturity profile are:

- changes in interest rates have not been accounted for as these cannot be predicted,
- changes in foreign exchange rates have not been accounted for as these cannot be predicted,
- the borrowings will be repaid based on the repayment schedule agreed with the lenders.

	Interest rate %	Between 1 - 12 months Shs	Between 2 - 5 years Shs	Total Shs
Year ended 31 December 2018				
Non-interest bearing liabilities				
• Trade and other payables	Nil	<u>75,376,748</u>	<u>-</u>	<u>75,376,748</u>
		<u>75,376,748</u>	<u>-</u>	<u>75,376,748</u>
Year ended 31 December 2017	%			
Interest bearing liabilities				
• Bank loan	14%	60,364,537	-	60,364,536
Non-interest bearing liabilities				
• Trade and other payables	Nil	<u>117,199,815</u>	<u>-</u>	<u>117,199,815</u>
		<u>177,564,352</u>	<u>-</u>	<u>177,564,351</u>

EMERGENCY PLUS MEDICAL SERVICES LIMITED

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NOTES (CONTINUED)

21. Capital management

The company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide benefits to the stakeholders.
- to maintain a strong asset base to support the development of business.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may return capital to shareholders, or sell assets to reduce debt.

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018 Shs	2017 Shs
Total borrowings (Note 10)	-	52,951,348
Less: cash and cash equivalents (Note 15)	(91,997,230)	(94,966,596)
Net debt	<u>(91,997,230)</u>	<u>(42,015,248)</u>
Total equity	<u>71,362,680</u>	<u>92,973,141</u>

The company is not geared.

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES (CONTINUED)

22. Commitments

Operating lease commitments - the company as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2018 Shs	2017 Shs
Not later than 1 year	127,327,793	118,642,489
Later than 1 year and not later than 5 years	112,529,348	208,662,392
	<u>239,857,141</u>	<u>327,304,881</u>

The company leases their ambulance vehicles under non-cancellable operating lease agreement.

23. Prior year adjustment

The prior year adjustments relate to the following:

The company has adopted the simplified approach for the purpose for calculating the expected credit losses. In adopting the simplified approach, the company uses a provision matrix to calculate the expected credit losses that is based on the historical credit loss experience for trade receivables to estimate the expected credit losses. An expected credit loss model for deposits and call balances placed with banks will be based on the default rate assigned by global credit rating bodies S&P and GCR. Prior year adjustments were passed to recognise the impact of expected credit loss on cash and bank balances and trade and other receivables.

Deferred tax on expected credit loss was not recognised in the financial statements previously and this has now been recognised as per the requirements of IFRS 9. A prior year adjustment has been made to recognise that deferred tax.

24. Country of incorporation

Emergency Plus Medical Services Limited is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company, is domiciled in Kenya and is wholly owned by Kenya Red Cross Society that is registered under Kenya Red Cross Act (Cap 256).

25. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

SCHEDULE OF EXPENDITURE

	2018	2017
	Shs	Shs
1. COST OF SALES Shs Shs		
Ambulance coverage cost	303,097,277	290,999,121
First aid kit expenses	8,967,366	3,199,823
School outpatient expenses	10,356,956	4,019,871
Training expenses - first aid	54,000	169,500
Training expenses - health providers	188,000	140,600
Ambulance operators salaries and wages	177,466,010	168,846,809
Air rescue expenses	1,898,979	7,695,751
General expenses	14,522,370	8,055,227
Total cost of sales	516,550,958	483,126,702
2. SELLING AND MARKETING EXPENSES		
Advertisement and branding	101,815,306	76,214,069
3. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	62,501,013	50,342,089
Defined contribution scheme	37,990,533	27,628,740
National Social Security Fund	1,466,400	1,429,600
Staff insurance	138,836	50,578
Staff training and seminars	562,375	488,222
Staff medical scheme	1,794,800	1,956,497
Other personnel related costs	411,449	2,868,885
Total employment costs	104,865,406	84,764,611
Other administration expenses:		
Legal and professional fees	5,041,056	5,881,142
Bank charges	822,874	1,929,220
Subscriptions and periodicals	416,543	77,208
Travelling and entertainment	25,502,656	22,981,734
Printing and stationery	1,182,761	2,075,168

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SCHEDULE OF EXPENDITURE (CONTINUED)

	2018 Shs	2017 Shs
Telephone and postage	2,831,068	2,060,334
Audit fees		
- Current	750,000	630,000
- Under provision in prior years	179,800	-
Donation	451,000,000	130,000,000
Volunteer incentives	810,843	584,622
Sundry expenses	5,408,730	1,392,169
General expenses	835,894	13,397
Governance expenses	400,000	-
(Decrease)/increase in provision for ECL on trade and other receivables	(18,663,354)	3,112,006
(Decrease) in provision for ECL on cash and bank balances	(1,514,472)	-
Fines and penalties	-	10,000
Total other administrative expenses	475,004,399	170,747,000
Total administrative expenses	579,869,805	255,511,611
4. OTHER OPERATING EXPENSES		
Establishment:		
Depreciation on property and equipment	16,648,095	15,934,734
Rent and rates	360,000	1,140,000
Electricity and water	2,254,634	4,664,324
Repairs and maintenance	1,195,930	76,404
Insurance	129,978	67,384
Licences	1,397,930	-
Security expenses	1,887,946	2,306,616
Total other operating expenses	23,874,513	24,189,462
5. FINANCE COSTS		
Term loan and overdraft interest	5,808,346	25,579,586
Realised foreign exchange (gain)/loss	(714,980)	6,252,445
Total finance costs	5,093,366	31,832,031



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