annual report 2022

Emergency Medical Services

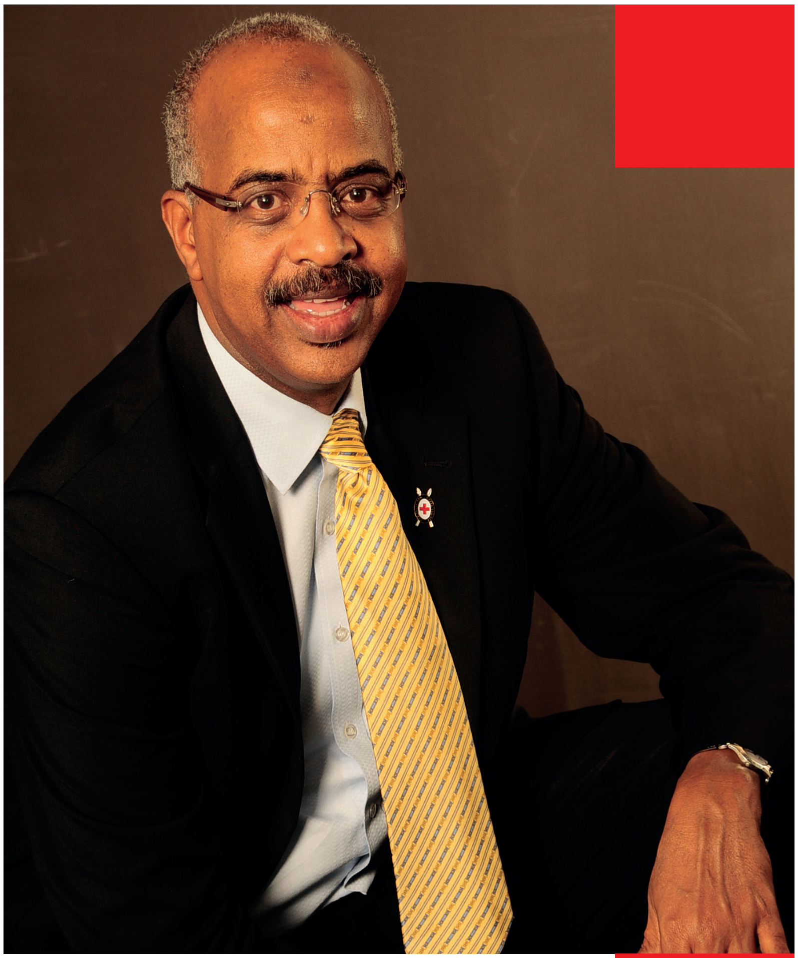
Table of Contents

Acronyms

ACLS	Advanced Cardiac Life Support
AED	Automated External Defibrillator
BHMS	Business & Hotel Management School
BIHC	Boma International Hospitality College
BLS	Basic Life Support
CME	Continuing Medical Education
CRM	Client Relationship Management System
CSR	Corporate Social Responsibility
CQI	Chartered Quality Institute
EACOP	East African Crude Oil Pipeline
E-Plus	Emergency Plus Medical Services
EMD	Emergency Medical Dispatcher
EMS	Emergency Medical Services
EMT	Emergency Medical Technician
EVOs	Emergency Vehicle Operators
FIA	*Federation Internationale de l'Automobile*
GDC	Geothermal Development Company
GRCS	Gambia Red Cross Society
IFRC	International Federation of Red Cross
KEBS	Kenya Bureau of Standards
KRCS	Kenya Red Cross Society
MICE	Meetings, Incentives, Conferences & Exhibitions
MoU	Memorandum of Understanding
NHIF	National Hospital Insurance Fund
PA	Personal Accident
PCR	Patient Care Report
PIC	Portable Isolation Chamber
PPE	Personal Protective Equipment
SSA	Sub-Saharan Africa
WRC	World Rally Championship

STATEMENT FROM

THE CHAIRMAN



Reflecting on the year 2022, I wish to acknowledge the enormous progress we made especially in our expansion plans. I see an incredible transition from the midst of COVID-19 pandemic to an atmosphere where we have begun to prepare for the future.

It gives me great pleasure in welcoming you to the 2022 Annual Report of the Emergency Plus Medical Services.

Charles Darwin once opined that *it's not the strongest species that survive, nor the most intelligent, but the most responsive to change*. I am happy to report that E-Plus continues to register sound progress amidst the tough economic, social and political uncertainty that characterised the year in review. Our revenues continue to grow in leaps and bounds, cementing our financial base and easing our operational capabilities.

Our main aim has been to provide an Emergency Medical Service that serves the millions and which not only becomes world class but is accessible to all whenever they need it and wherever they may be within our ecosystem.

Since our inception on March 23, 2010, our main aim has been to provide an Emergency Medical Service that serves the millions and which not only becomes world class but is accessible to all whenever they need it and wherever they may be within our ecosystem. I am happy to report that we have remained true to this calling, growing from trajectory to trajectory.

With our revenues reaching KES 1.35 billion and membership having grown exponentially since 2010, it is becoming increasingly impossible to imagine the Kenya's emergency medical care sub-sector without E-Plus.

Besides that, we continue to slowly but surely cement our pan-African position in Emergency Medical Care with full-scale operations now in the Republic of Tanzania with a fleet of 40 ambulances. Besides that, we are also eyeing business opportunities locally in a number of counties while also prospecting for business in a number of African countries.

Having substantially strengthened our base foundations, we recognise that this is not only an exciting time but also an inflection point for E-Plus. The company continues to distinguish itself as the go-to organisation for the delivery of emergency pre-hospital care assistance wherever it is needed.

Our staff continue to deliver high standards of emergency patient care. Without their commitment, professionalism and discretionary efforts, we would not have been able to provide such effective and responsive services over the past 12 months.

On behalf of the Board of Directors, I would like to acknowledge the E-Plus management team led by the Managing Director, Susan Ng'ong'a and the staff for collectively and consistently giving their best. I would also like to take this opportunity to express my appreciation to my fellow board members for their continued engagement, collaboration and support.

Ambition, resilience and total dedication remain our watchwords as we stride into 2023!

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STATEMENT FROM

THE MANAGING DIRECTOR

Despite being the second year in a decade that started off with a global pandemic, 2022 was largely a year of expansion for E-Plus. We managed to expand our scope of operations yet again when E-Plus Tanzania was fully operationalised in April 2022. This followed a feasibility study that revealed a lucrative business environment across the border. As always, our expansions plans (as stated in the 2021-2025 Strategic Plan) aim at increasing the geographical reach, membership possibilities and economic accessibility of all our services.

We managed to expand our scope of operations yet again when E-Plus Tanzania was fully operationalised in April 2022.

Although COVID-19 was an unforeseen tragedy, the pandemic helped us refine our business operations by redefining not only how we deal with infectious diseases but also our response strategies. This has been especially helpful in preparing for the possible threat of communicable diseases, like the infamous Ebola, which plagued Uganda in 2022. In addition, every member of our crew is properly equipped with Personal Protective Equipment (PPE) and they are thoroughly trained in infection control, disease prevention and aftercare.

I am immensely grateful to the E-Plus staff for their diligence and unending commitment that has seen us come this far. I also extend my sincere appreciation to the Chairman and the Board of Directors for their leadership, direction and for keeping us focused on our vision and goals.

Since launching our services in 2010 with only five ambulances, E-Plus has grown to a combined fleet of 180 response units, armed with state-of-the-art equipment, air evacuation services and professional and experienced staff.

The increased scope of operations and demand for medical services has allowed us to almost clinch the set target for 2022 of KES 1.4 billion in gross revenues. Additionally, we have invested in Corporate Social Responsibility (CSR) activities which included sponsoring the Darajani Gogo Boys Football Club (main and shirt sponsor) who were promoted to play in the National Super League for the 2022/2023 Season.

In line with ensuring the best value from our services, we have recertified our Quality Management Systems ISO 9001:2015. And although, management plays an important role in performance, our stakeholders are the foundation of our operation and that is why we focus on providing unrestricted and unbiased services for all. This goal of providing accessible services led us to implementing the National Hospital Insurance Fund (NHIF) National Scheme covering 6,674,780 members (principal and their family). We also partnered with the county governments of Narok (11 ambulances), Kakamega (9 ambulances), and Kiambu (6 ambulances).

Our achievements were elevated when we were awarded the prestigious Superbrands Award 2022-2024 for the fourth time in a row. It was especially a honour to accept the title being the only Emergency Medical Service provider in the Region to receive this award. In the same spirit, we also clinched the 1st Runners-Up position for the Award of Excellence in Response to COVID-19, Quality Healthcare Kenyan Awards 2022. Furthermore, we were selected as the official Emergency Medical Services provider by Fédération Internationale de l'Automobile (FIA) during the 2022 World Rally Championships (WRC) Safari Rally, Kenya circuit.

This year, we plan to double down on implementing the 2021-2025 Strategic Plan and also fortifying our current achievements. Since our clients are the foundation of who we are, E-Plus is keen on enhancing patient experience by maintaining contact during and beyond evacuation by following up and informing them about our complementary services (eDoc, Home-Based Care). In addition, it is imperative for us to cement collaboration discussions with our strategic partners for the regional expansion programme to promote growth and sustainability.

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Welcome to our 2022 Annual Report.


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mergency
Medical Services
ROK COUNTY
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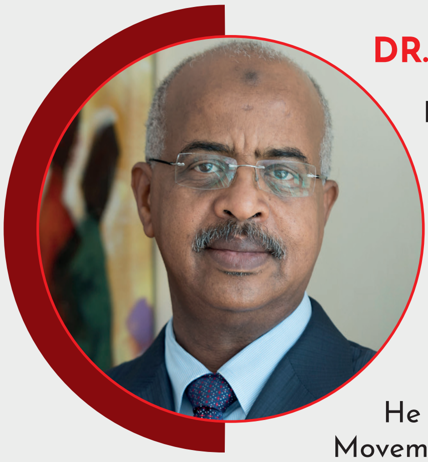
BOARD

OF DIRECTORS

2022

BOARD OF DIRECTORS



DR. ABBAS GULLET, MBS

Dr. Gullet is the Founder Chairperson of Emergency Plus Medical Services (E-Plus). He is a former Secretary General of the Kenya Red Cross Society (KRCS) having served in Red Cross Society for over 30 years. Emergency Medical Plus Services, which has the largest fleet of critical care ambulances in Kenya, was established under his leadership. During his tenure, he also pioneered and became the founder Chairperson of the Boma Groups of hotels and The Switch TV which are fully owned by KRCS as enterprise arms of the society.

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 Practicing Management (INSEAD 1997) from the joint campuses of Lancaster University, McGill University, Hitotubashi University, and Bangalore School of Management.

DR. JACQUELINE KITULU, OGW

Dr. Jacqueline Kitulu is a Family Physician and has been in practice for more than 15 years. She is the Immediate past 1st Deputy Governor of KRCS and the first female 1st Deputy Governor for Kenya Red Cross Society. She is also the current former President of the Kenya Medical Association, the umbrella professional association for doctors in Kenya.

She has also chaired the Kenya Medical Women's Association (2008 and 2012), is the 1st Deputy Governor of the Kenya Red Cross Society and sits on several other boards. Dr. Kitulu has an MBA in Healthcare Management from Strathmore Business School and believes that this has gone a long way in bridging the communication gap between her health background and her current policy influencing position in a bid to transform the Health sector in Kenya.

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.

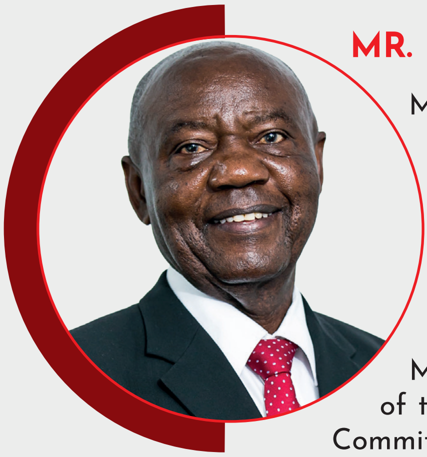
He negotiated with the Thika Municipal Council for the land where the Thika Branch offices currently stand. He also mobilized donors to furnish the branch offices and acquire more land to construct commercial buildings to make the branch operations sustainable.

AMB. (ENG) MAHBOUB MAALIM, CBS, OGW, P ENG, MIEK

Amb (Eng) Mahboub Maalim is the immediate former executive secretary of the Intergovernmental Authority on Development (2008-2019). He is a registered Engineer with Kenya's Engineers Registration Board (ERB) and a member of the Institute of Engineers of Kenya. He holds M.Sc. and B.Sc. degrees in Civil Engineering from Texas A&I University in USA.

A civil engineer by profession, a diplomat and a veteran rural development expert, he previously served as Permanent Secretary of the Ministry of Water and Irrigation in Kenya. He had also served as Permanent Secretary of the Ministry of State for Special Programs in the Office of the President. Amb (Eng) Mahboub Maalim has over 40 years progressive hands-on experience in the public service and special assignments (projects) that has enabled him to interact with key players in the public, multilateral, civil and private sectors. He has over 30 years of experience in dealing with drought, disaster risk management, climate and environmental crises, with experience in shaping robust policies at a national, regional and global level.

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).

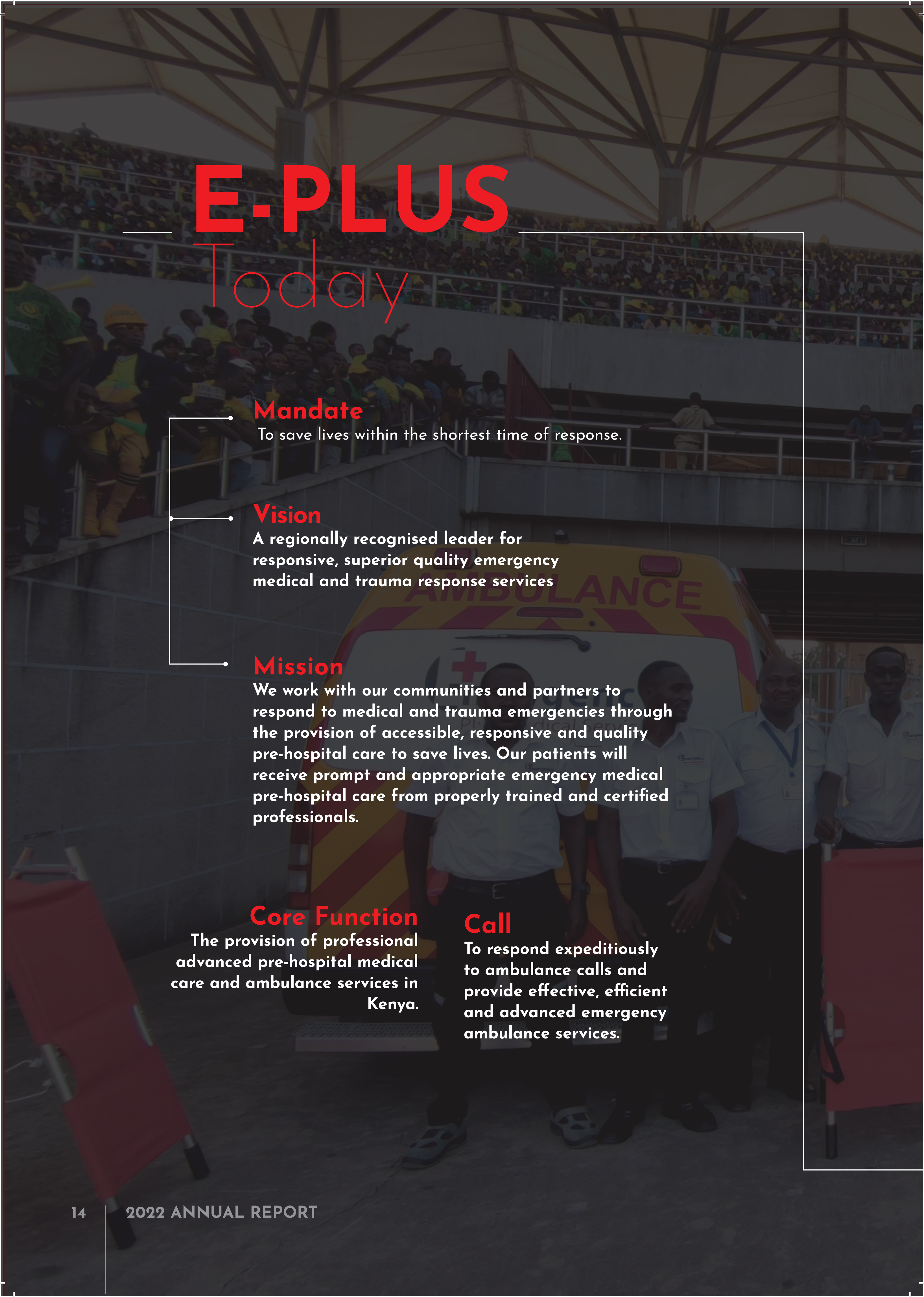
Mr. Gondi has also served in the Finance and Technical Committee of the Kenya Association of Manufactures (KAM) and as an Executive Committee member in the Kenya National Chamber of Commerce. Previously, h e was Chairman of the Geothermal Development Company (GDC) and Founder CEO of Thabiti Finance Company Limited. Mr Gondi is a seasoned banker who holds an MBA from Ontario, Canada.

MRS. SUSAN NG'ONG'A

Mrs Ng'ong'a has been Managing Director of Emergency Medical Services (E-Plus) since 2015. She has grown the business into a KES 2.5b investment.

She began her career as an Executive Personal Assistant at Kilonzo & Company Advocates. In February 2003, she joined the Kenya Red Cross Society (KRCS) as personal sssistant to the Secretary General thereafter rising through the ranks to Supply Chain Manager, Head of Supply Chain, General Manager Supply Chain, General Manager, and Deputy Secretary General Corporate Services and Supply Chain.

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). A member of the Chartered Institute of Purchasing & Supplies (UK), Susan also has other recognitions under her belt: Vice-Chair, National Emergency Care Steering Committee; Member, National Medical Care Steering Committee (2021-2024); Organising Secretary, Media Owners Association (2021-2023); and Winner, Diversity and Inclussion C-Suite Executive Champion Award, Diar Awards 2022 & 2020.



E-PLUS Today

Mandate
To save lives within the shortest time of response.

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 Function
The provision of professional advanced pre-hospital medical care and ambulance services in Kenya.

Call
To respond expeditiously to ambulance calls and provide effective, efficient and advanced emergency ambulance services.

Brand Positioning

Time is Life
Care in Transit

Values
The organization's core values are Innovation, Sustainability, Professional Excellence, Integrity, and Empathy (abbreviated to iSPIE), which are defined as follows:

Innovation
We continually pursue new ways to improve our service offering in a socially responsive manner in order to create transformative changes in patient experience.

Sustainability
We provide our services while ensuring long-term environmental, financial and social positive outcomes.

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

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 and each other - and to our authorities.

Empathy:
We actively seek to understand how patients, family members, care givers and our own staff experience the emergency situations we respond to, taking into account the emotions they go through, and we use this knowledge to improve their well-being and our service delivery.


AMBULANCE
Emergency
Medical Services

2022

IN NUMBERS

Revenue: KES **1,346,436,489**

Profit: KES **180.7 MILLION**

Membership Lives Covered: **21,754,495**

Partner County Calls Covered: **14, 436**

Total Calls: **28,143**

COVID-19 Calls: **42**

Isolation Chambers: **7**

Ambulances (Kenya, Tanzania and Gambia): **180**

CSR: KES **2,059, 500**

Staff Number: **286**

Awards: **2**

Table 1 (Revenue generated in KES from different memberships subscriptions)

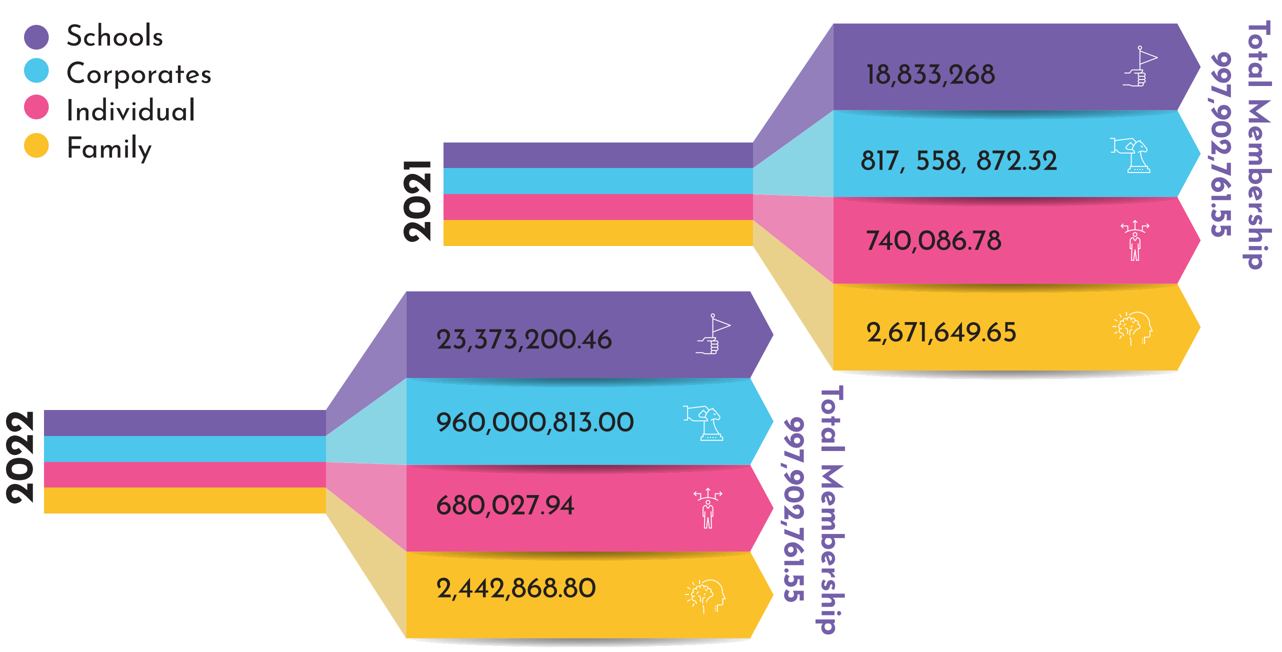


Table 2 (Number of our customers in segments)

	2021	2022
Schools	92	97
NHIF	4,067,351 (Principal + Family)	6,674,780
Corporates	85	95
Individual	684	738
Family	5,741	6,346
Number of Counties	3	3

Table 3: Number of Lives Covered

	2021	2022
Schools	23,419	24,318
NHIF	16,269, 404 (Principal + Family)	20,024,340
Corporates	9,984	10,502
Individual	684	738
Family	5,741	6,346
County Coverage	5,443, 187	5,940,927
	21,731, 349	26,007,171


KCY·157Y


KCT·020A
KCT·186W


AIR CON CHAMBER
OXYGEN CABINET

MEDICAL
OPERATIONS

Pre-hospital care services is the core focus of medical operations at E-Plus. We collaborate closely with our partners and communities to provide timely, effective, and high-quality pre-hospital treatment in response to medical and trauma emergencies in order to save lives.

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Since 2010, E-Plus has strived to be the regionally acknowledged leader for prompt, superior quality emergency medical and trauma response services throughout our twelve years as a pre-hospital provider. In the nation and sub-Saharan Africa, E-Plus is the lead private provider of emergency medical services.

We offer advanced pre-hospital ambulance services, including Advanced Cardiac Life Support (ACLS) and Basic Life Support (BLS), with a total fleet of 128 ambulances. Our operations team is made up of 260 highly qualified Paramedics/EMTs, Dispatchers, and Operators who work across Kenya's 47 counties, including Nairobi, Kakamega, Narok, and Kiambu counties, as well as the regions of Nakuru, Dadaab, Kisumu, Eldoret, and Mombasa.

What the Department Achieved

- 2022 kicked off with the second team building event that emphasised on team dynamics and how to handle and deal with crisis at work resulting in a cohesive work force
- As EMS providers, the year was quite busy and we responded to a total of 28,143 calls, 852 calls more than the previous year. We serviced 413 CSR calls coming to less than 76 CSR from 2021, costing the organization KES 2,059,500. On average, we received 4,347 calls per month
- We covered 200 more events in 2022 than in 2021 closing at 489 events accumulating to a revenue of KES 28,962,416, KES 362,416 more than the previous year. WRC Safari Rally was the highlight event of the year as E-Plus was the only EMS provider covering the event that was reborn after a 20-year hiatus

- Complying with the 2021-2025 Strategic Plan for Growth and Sustainability, we expanded into Tanzania opening our offices in April 2022 with a fleet of 40 ambulances and 20 staff comprising Paramedics/ EMTs, Dispatchers and Ambulance Operators in the capital city of Dar es Salaam. E-plus Tanzania has undertaken 90 calls so far and 30 events accumulating KES 680,000 in revenues

Challenges Experienced

The Department faced a number of challenges in the year under review, namely;

- The demand for EMS continues to increase and to better serve the clients, there is need to increase the number of ambulances, moreso in the counties This will also reduce the number of working hours for the operators
- Cases of miscommunication between the Dispatch team and the clients while handling requests and evacuation calls. This often leads to a lot of time lost before the crew arrives on site

Opportunities for 2023

On 19th July 2022, E-Plus launched her first top of the range Level 2 Clinic, the E-Plus Boma Clinic that is open to all E-Plus and Boma Hotel employees. By the end of 2022, the Clinic had processed 789 patients and provided clinical services to cash paying as well as insurance clients with Jubilee and CIC. We look forward to on-boarding two new key clients, AAR and NHIF once they are signed up.

A gradual uptake of the telemedicine consultation platform birthed at the height of the COVID-19 pandemic was recorded with about 162 patients receiving treatment in 2022. The telemedicine platform provides a door-to-door experience for clients and E-Plus has partnered with Livia to deliver medication at the comfort of the client's preferred location.

There exists greater potential to leverage on technological advancements in the EMS industry to improve operational efficiencies.

2023 Plans

In line with the growth and sustainability theme, the department looks forward to:

01 Launching our first trauma centre

02 Adding two paediatric incubators to aid in operations

03 Increasing county business by securing more counties

04 Increasing the number of life members

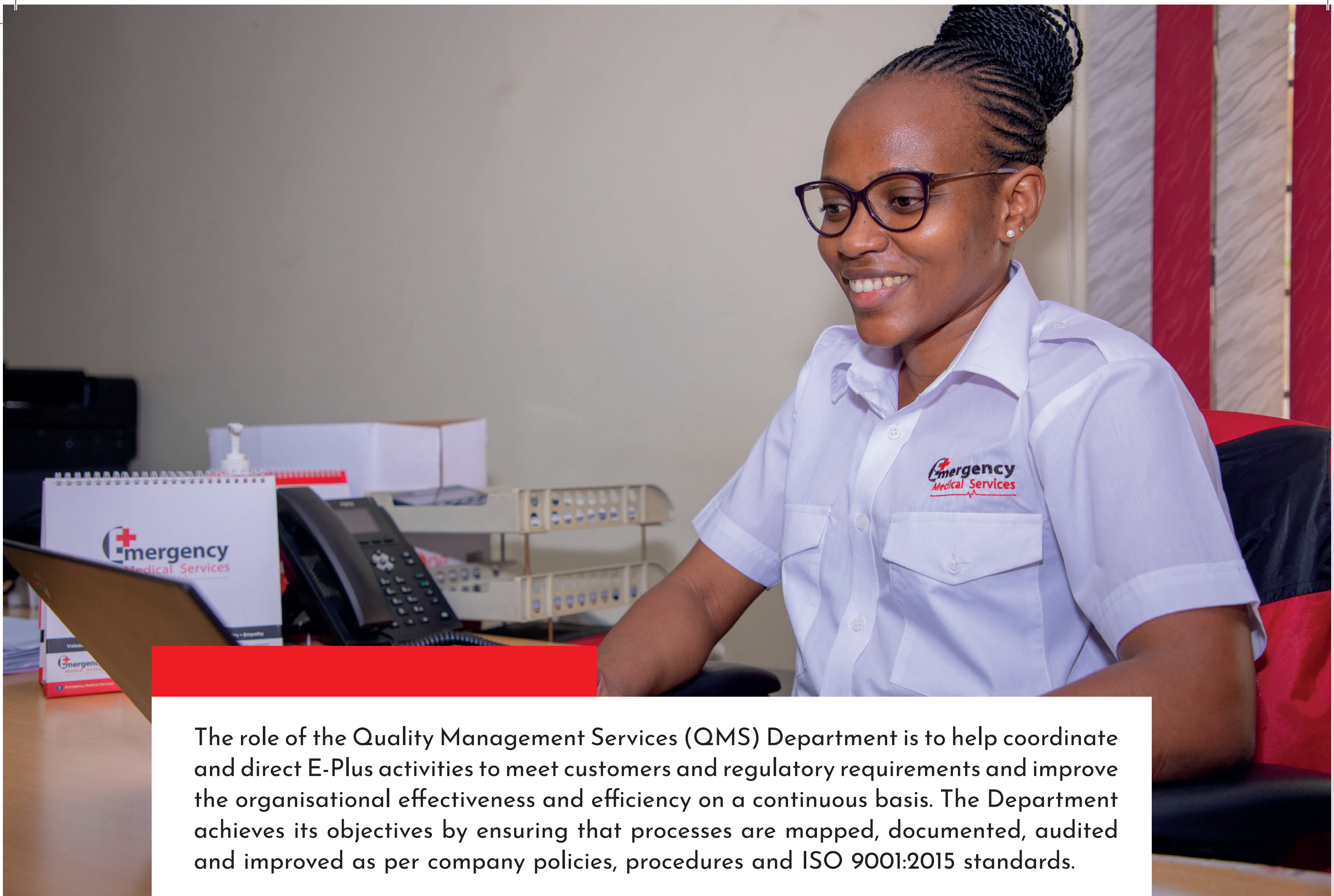
05 Covering more events

06 Leveraging more on our E-Plus App to sell our packages


Emergency
Medical Services
E-Plus
SGS
QUALITY
SYSTEMS
ISO 9001 AUDIT, CERTIFICAT
ISO 9001:2015

QUALITY MANAGEMENT SERVICES (QMS)

2022



The role of the Quality Management Services (QMS) Department is to help coordinate and direct E-Plus activities to meet customers and regulatory requirements and improve the organisational effectiveness and efficiency on a continuous basis. The Department achieves its objectives by ensuring that processes are mapped, documented, audited and improved as per company policies, procedures and ISO 9001:2015 standards.

What the Department Achieved

The Department achieves its objectives by ensuring that processes are mapped, documented, audited and improved as per company policies, procedures and ISO 9001:2015 standards..

- A new Quality Policy was incorporated into the 2021-2025 Strategic Plan after it was endorsed by Management following the adoption of the preliminary feedback from staff

- A successful first surveillance audit of the ISO 9001:2015 second cycle certification confirmed that our operational implementation met the requirements of the standard and the applicable internal procedures

- Examined the health and safety provisions at all E-Plus facilities. This aided in creating

a secure workplace for all employees, clients, and other stakeholders

- Initiated training for staff in the final quarter of the year on how to use various systems, such as CRM, fleet direct, and angel track, optimally. This allows them to manage functions in a single data warehouse, removing the need to store information in multiple systems and speeding up turnaround times and reducing data entry errors and report generation errors

- Developed a quality strategy in June 2022 as part of efforts to build a high-performance team by critically examining all aspects that will create a roadmap toward meeting our customers' needs. This was approved, and a committee formed to oversee its implementation

- Establishment and outfitting of a skills lab to be used for improving the practical skills for our crew

- Improved the Staff and Environmental Safety Plan by enhancing the infection prevention and control infrastructure and implementing environmental safety measures to reduce the risks of harm

- Aligned and integrated the risk management methodology at the process, project, and program levels into the company's process management

- Successfully completed internal quality audits with the ISO 9001.2015 standard serving as the foundation while ensuring that all the requirements outlined in clause 9.2 Internal Audit were met.

Challenges Experienced

- Deadlines and reporting timelines were not met on time
- Experienced weak feedback mechanisms for internal communication
- Slow adoption to systems developed to support operational efficiency

2023 portends numerous opportunities for the department

Opportunities for 2023

- Fully operationalize the angel track system to smoothen operations
- Complete data visualization tool development to enhance data management and analysis
- Integrate the core values of E-Plus into everyday management practices
- Carry on supporting the units with Chartered Quality Institute (CQI) initiatives

2023 portends numerous opportunities for the department. The department plans to leverage on data to guide in making critical business decisions, fully implement the E-Plus Quality Strategy and enhance practical training in the newly established skills lab.

BUSINESS DEVELOPMENT

This is the commercial Department tasked with growing the business and revenues. The mandate of the Business Development Department is to drive the business through:

1. Retention of existing customers
2. On boarding new customers
3. Product re-engineering to remain competitive
4. Continuous competitor analysis
5. Driving positive net promoter score among the customers
6. Customer relationship management

The Department is currently led by the Business Development Manager supported by four permanent sales executives and has an ongoing sales intern on-boarding program.

What the Department Achieved

The Department had notable achievements in the year under review:

4
corporates were on boarded

7
schools were on boarded

3
hospitals were on boarded

Re-structured **E-PLUS ELIMU** by adding the discounted rate for Teachers

Conducted 19 activations in 19 locations with a total net income of KES **259,580**

Conducted daily customer satisfaction surveys with an average net promoter score of **71%**

Executed weekly customer **COMMUNICATION** and education **initiatives**

Re-engineered the Residential Membership to include the discounted rate of KES **1,500** for nanny training

First Aid Training of KES **1,500** and children First Aid Training of KES **500**

Challenges Experienced

The Department faced a number of

challenges in the year under review, namely;

- Unable to boost number of sales due to the low number of marketing campaigns and adverts
- Redundancy, unemployment and downward spiral in the economy reducing the retention on Family & Individual Memberships
- Low uptake of the Corporate Membership due to cost cutting initiatives by most corporates
- Reduced motor vehicle sales in the industry slowed down strategic partnerships for sale of First Aid Kit with companies like Isuzu Africa and the Car Bazaar
- Undercutting from competitors on the Corporate Membership thus reducing the uptake of the product

Opportunities for 2023

Enter into strategic partnerships to drive business. This will include;

  - Platinum Banking Segments in Banks
  - Security Companies
  - Event Planners
  - Football clubs
  - Motor Vehicle insurance companies
  - Senior Insurers
  - Kenya Private Schools Alliance
  - Saccos
- Prospect for more events
- On boarding more schools
- Organise health and wellness drives in estates to drive residential memberships
- Plan more activations to create product awareness
- Engage and station sales representative in different regions of the country to prospect for business
- Prospecting for county business

Their exits a lot of potential in the Emergency Medical Services sub-sector. The department plans to leverage on the numerous opportunities in the digital space to grow the business.

Other plans for 2023 are as enumerated below:

- Aggressively market the E-Plus Air Evacuation Service
- Promote e-Doc particularly to companies that engage casuals and lack insurance covers
- Promote estate memberships by leveraging on the discounted nanny training costs
- Revise our onboarding strategies for estate communities e.g., instead of setting up activation desks, seek audience with estate members through the estate management committees
- Map-out schools in an area then develop one activation strategy to save on time
- Re-structure products to remain competitive and relevant especially within the corporate membership
- Collaborate with community leaders to sell our products to different communities such as, the Hindu Council among others
- Partner with the public relations (PR) team to enhance brand awareness
- Grow the Business Development Footprint in different regions to drive business i.e Kisumu, Nakuru, Mombasa
- Secure strategic partners for Air Evacuation and work with the PR Team to drive the product
- Increase sales and brand visibility of the Sales Internship Program

COMMUNICATIONS

AND

PUBLIC RELATIONS

Benefitted from a number of strategic broadcast media engagements that brought enhanced visibility to the organisation e.g., K24 TV news feature that documented the role that E-Plus plays in advancing emergency medicine in Kenya

The core mandate of the Public Relations and Communications Department is to develop and maintain relationships with key public and stakeholders through effective communication.

The Department is also tasked with managing, planning, directing and implementing proactive communications programs/initiatives that enhance the image of E-Plus and its visibility internally and externally.

The work is undertaken through the following sub-departments:

- Social Media
- Complaints Handling
- Digital Communications (Graphics/ Photography and Videography)
- Website Management

What the Department Achieved

- Published 12 editions of the E-Plus Newsletter (E-Plus Newspod)
- Benefitted from a number of strategic broadcast media engagements that brought enhanced visibility to the organisation e.g., K24 TV news feature that documented the role that E-Plus plays in advancing emergency medicine in Kenya
- Curated a new website for E-Plus Tanzania
- Lobbied the public and staff members to vote for E-Plus in the 2022 Quality Healthcare Kenyan Awards where we clinched the 1st Runners Up position in the category of Award of Excellence in Response to COVID-19
- Recorded a significant growth in followers on our social media platforms (Facebook: 856, Twitter: 1,497, Instagram: 998)
- Organised several online campaigns to promote our contract with the NHIF
- Signed a main/shirt sponsorship agreement with the Darajani Gogo Boys FC to play in the National Super League for the 2022/2023 Season as part of CSR undertakings

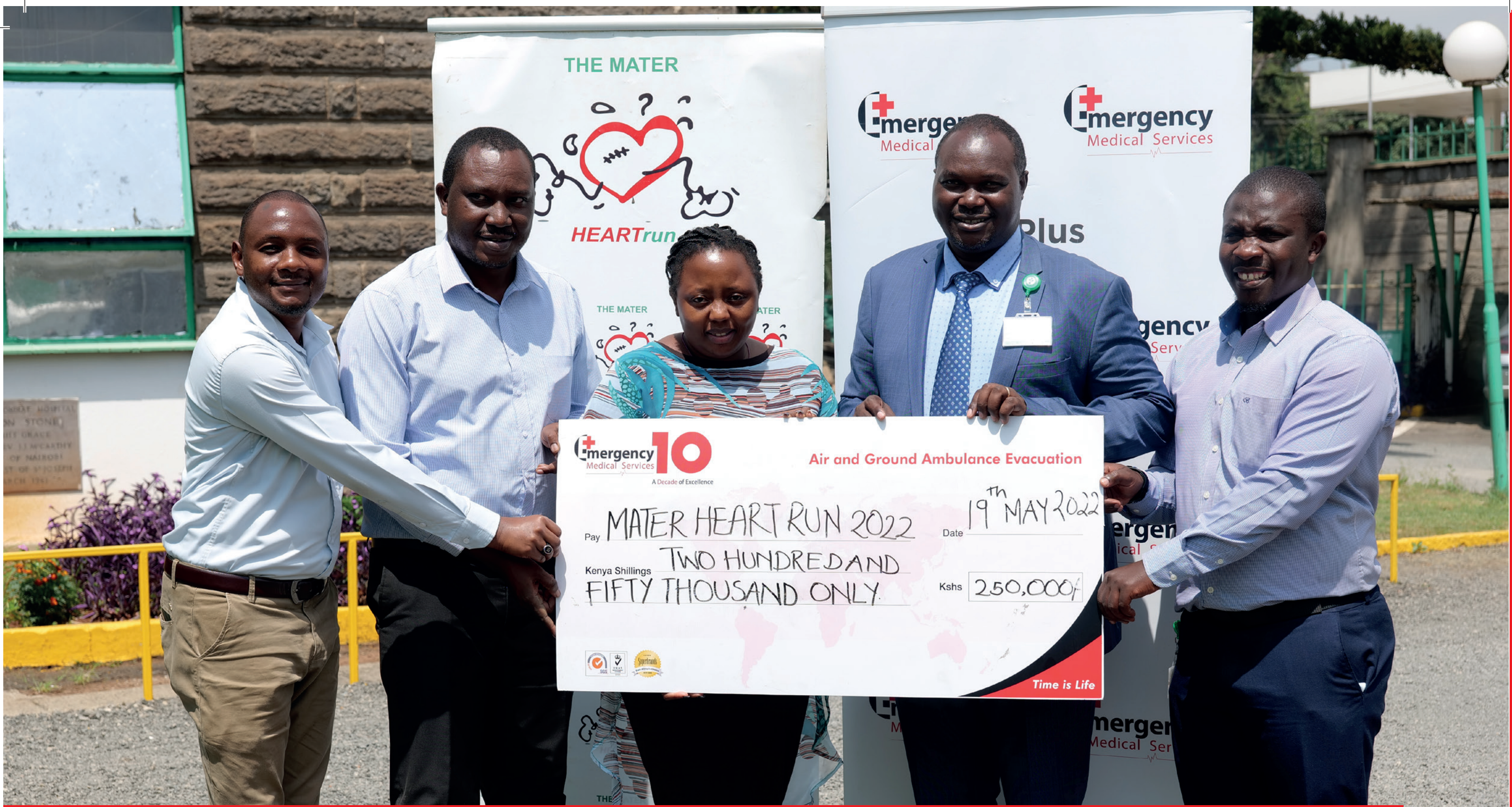
Lobbied the public and staff members to vote for E-Plus in the 2022 Quality Healthcare Kenyan Awards where we clinched the 1st Runners Up position in the category of ***Award of Excellence in Response to COVID-19***

of free evacuations for patients who were financially unable to pay as part of our CSR undertakings

- Updated the Communications Strategy and Policy to align it with the current business and organisation dynamics
- Organised several high-profile visits to the E-Plus, (Nairobi Governor Sakaja visit to the E-Plus)

Challenges Experienced

Adverse reporting by the broadcast media outlets that dented the image of the organisation.



Opportunities

The digital communications and PR space portends plenty of opportunities in terms of enhancing our visibility and also creating awareness about the brand. The continued growth of the 'digital PR and Communications' space presents numerous opportunities for enhancing brand visibility.

The opportunities are defined as:

- Leveraging on the significant social media presence that E-Plus enjoys to upscale our digital space/position to higher levels by engaging in for example 'Twitter Spaces', Influencer marketing, Tiktok videos
- There are also numerous opportunities in influencer marketing and communications.
- Exploiting our market leader position by curating robust communications and PR campaigns to cement our brand positioning
- Continuing to exploit the goodwill of our mother brand Kenya Red Cross Society (KRCS) to position ourselves as the go-to Emergency Medical Services in East and Central Africa

2023 Plans

In 2023, the department looks forward to exploiting the digital communications and PR space to reap the maximum fruits through the development of robust PR, Communications and digital campaigns. It will continue to support the organisation in its quest to implement the 2021-2025 Strategic Plan and build on the current gains:

- **Service Delivery:** Our clients remain our key cog in day-to-day operations. We will seek to enhance customer experience through deeper empathic engagement, enhanced responsiveness and joined end-to-end services
- Maintain our growth trajectory by upscaling our partnerships with like-minded organisations
- **Upscale outdoor branding** by establishing proper signage (billboards, signs, lamp-posts, point of sale signage, transit advertising) in strategic places for optimal visibility

HUMAN RESOURCES (HR)

The primary responsibilities of this Department include hiring, assessing, remunerating, and training all employees. The Department is also tasked for handling any problems that may arise, such as difficulties that employees may encounter while working for the business. The department has also made investments to guarantee a healthy workplace, especially with regard to work habits and how they affect a company's success.

The main functions of the HR Department include; -

1. Recruitment
2. Maintaining a safe working environment
3. Retaining Employer-employee relations
4. Compensation and Benefits
5. Labour Law compliance
6. Training and Development

The role of the HR Department is undertaken by the Human Resource Business Partner who also oversees the HR functions at G-Plus (Gambia) and E-Plus Tanzania.

What the Department Achieved

In the year under review, the Department had several accomplishments: -

- **Renewal of staff contracts** - All employees signed new, either one- or two-year contracts. Their operational areas and the demand for their services served to inform this decision
- **The signing of performance contracts** – The purpose of the performance contracts is to express the employer's performance expectations to the employee as well as the employee's goals and ambitions
- **Staff performance reviews conducted**- This is a formal appraisal in which a manager evaluates a worker's work performance, identifies strengths and weaknesses, offers feedback, and establishes performance objectives for the future. Performance reviews are carried out halfway through the year and at the end of the year
- **Staff team building exercise**– The purpose of the gathering is to bring the staff together to bond, reflect, and reenergize for the upcoming year's activities as well as to express gratitude to them for their hard work and perseverance during the year.

The Staff Recognition Awards are also presented during the team-building exercise. Every member of the staff can submit a nomination for the award of the year

- **Management training** – conducted a two-day management leadership training. This was done to improve on the leadership self-awareness amongst the management team

Challenges Experienced

The Department faced some challenges in the year under review;

- A high prevalence of mental health issues that affected the staff productivity levels. The company appreciates that high work productivity levels can only be achieved if staff are mentally healthy.

Opportunities

There are numerous opportunities in the Human Resources Department, including:

1. Promoting better wellness among employees – This is crucial for the organization's financial stability in addition to being excellent for their health. Putting a lot of attention on employee wellness also helps to increase performance and loyalty
2. Communicate and foster a strong culture – The organisation's principles, beliefs, practices, and experiences must be shared, to empower employees, foster a sense of purpose and family culture, maintain a strong and engaged workforce, and establish a healthy work-life balance. Emphasizing effective communication routes is also crucial, particularly when handling complaints

It is essential to foster relationships within the company by putting an emphasis on ***one-to-one relationships*** *and removing obstacles to fruitful contacts across workgroups in order to realize the department's competitive advantage in the knowledge economy*

2023 Plans

It is essential to foster relationships within the company by putting an emphasis on one-to-one relationships and removing obstacles to fruitful contacts across workgroups in order to realize the department's competitive advantage in the knowledge economy. As a result, a reliable working environment will be created, boosting performance and productivity.

Some of the activities of focus in 2023 include;
-

1. Promoting a better climate of trust, respect, self-awareness, inclusion, and open communication in the workplace
2. Producing a condensed employee handbook and pocket HR document to make sure that staff members are aware of company policies
3. Ensure that individuals are rapidly deployed in locations where the organization is developing regionally and where there are workforce shortfalls
4. Conduct staff surveys
5. Enhance Management's talents by offering management training that demonstrates leadership
6. Ensure that everyone in the company is aware about occupational health and safety procedures
7. Strengthen teamwork to reduce on staff discipline

G-PLUS EMERGENCY RESPONSES (GAMBIA)

2022

G-Plus is the leading emergency medical services private company that offers 24hr ambulance services, pre-hospital care services and the sale of first aid kits in Gambia.

G-Plus has a fleet of nine ambulances, fully equipped to the standards of Basic Life Support (BLS) and Advanced Cardiac Life Support (ACLS).

With a team of 12 staff members, including medical professionals such as paramedics, G-Plus has a capacity to handle evacuations through a 24-hour call centre, providing medical instructions during evacuations and updates during the transport.

G-Plus provides expeditious care to clients requiring emergency care on site and in transit. G-Plus has a team of trained medical personnel that 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.

Every vehicle in the fleet operates has a mobile intensive care unit, designed specifically to resuscitate, sustain and monitor patients whether they are critically ill or injured.

What G-Plus Achieved

- **Fee for service contract signed with Westfield Clinic:** Westfield clinic engaged G-plus to offer ambulance services to clients who need evacuation from home to the Westfield Clinic, from Westfield Clinic to other hospitals or for medical procedures at other facilities. Payments are done monthly
- **MSC Shipping Company signed up 17 staff members together with their families**: Emergency Rescue, treatment on site and evacuation to the staff and their registered family members
- **Signed contract with InnovaRX Global** and we are also using their platform to market our services especially during their free check-up activities

G-Plus has a team of trained medical personnel that 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.

- **Conducted transfers of 1,300 COVID-19 cases so far:** G-plus was the preferred ambulance service provider during the pandemic due to our preparedness and professionalism. We also had contracts with the MOH and GRCS for provision of ambulance services to Covid-19 patients. We were also engaged by UN and Medical Research Council for the same service
- **224 transfers done in 2022:** These transfers were done within The Gambia and also to Dakar
- **Covered the Gambia Red Cross Society (GRCS) Medical camp and 73rd Ordinary Session.** Covered the Gambia Red Cross Society (GRCS) Medical camp and 73rd Ordinary Session – G-Plus was engaged by the GRCS to support people affected by floods and conflict at the Gambia / Senegalese border by providing mobile clinic and standby ambulance services
- Gained access to toll free line 1,199 for Africell and Q-Cell clients
- Developed and are operating a digital shift hand over system
- Upgraded one Operator to a Paramedic

Challenges Experienced

- Ceased Clinic operations due to poor business performance
- Increased locum costs due to shortage on rota

Every vehicle in the fleet operates has a ***mobile intensive care unit****, designed specifically to resuscitate, sustain and monitor patients whether they are critically ill or injured.*

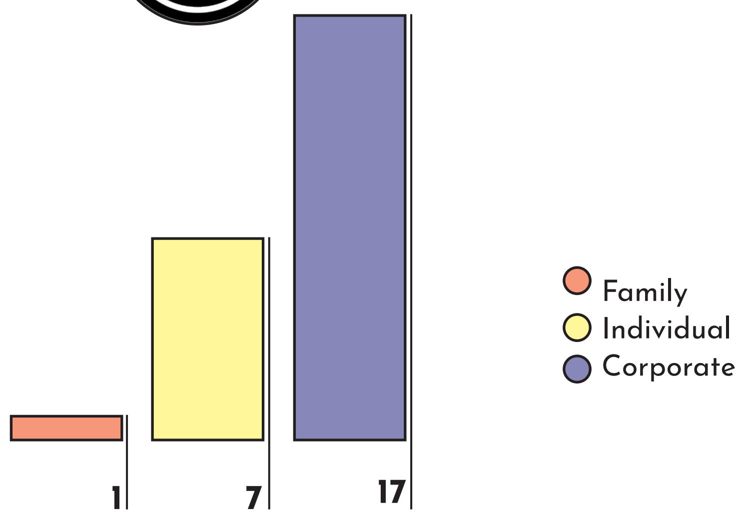
Call Statistics

Description	2019	2020	2021	2022	Total
Evacuations	1	277	1303	224	1805
Events	1	5	14	10	30

Clinic Statistics

Description	2020	2021	2022	Totals
Outpatient Consultations	64	255	149	468
Laboratory	39	173	100	312
Pharmacy	83	414	257	754
Treatment Services	0	19	7	26

Membership No.



Their exists enormous potential in Gambia that remains untapped. With the right support, G-Plus is poised to go places. Our plans for 2023 are enumerated below:

- Expansion of ambulance services to the provinces
- Secure a contract with Ministry of Health for provision of ambulance services to NHIF beneficiaries
- Secure contracts with Egyptian Medical Center and other major hospitals
- Pursue Organization of Islamic Cooperation (OIC) for provision of ambulance services and establishment of emergency treatment room at Banjul International airport and Sir Dawda Jawara International Conference Center

Their exists enormous potential in Gambia that remains untapped. With the right support, G-Plus is poised to go places.

E-PLUS

TANZANIA

Emergency Plus Medical Services Tanzania Limited (E-Plus Tanzania) is a private company established in Tanzania as a subsidiary of Emergency Plus Medical Services Kenya Limited.

It was incorporated on 11th November 2021 with the Tanzania Business Registration and Licensing Agency. It is also registered with the Tanzania Investment Centre (TIC) and the Private Hospitals Advisory Board.

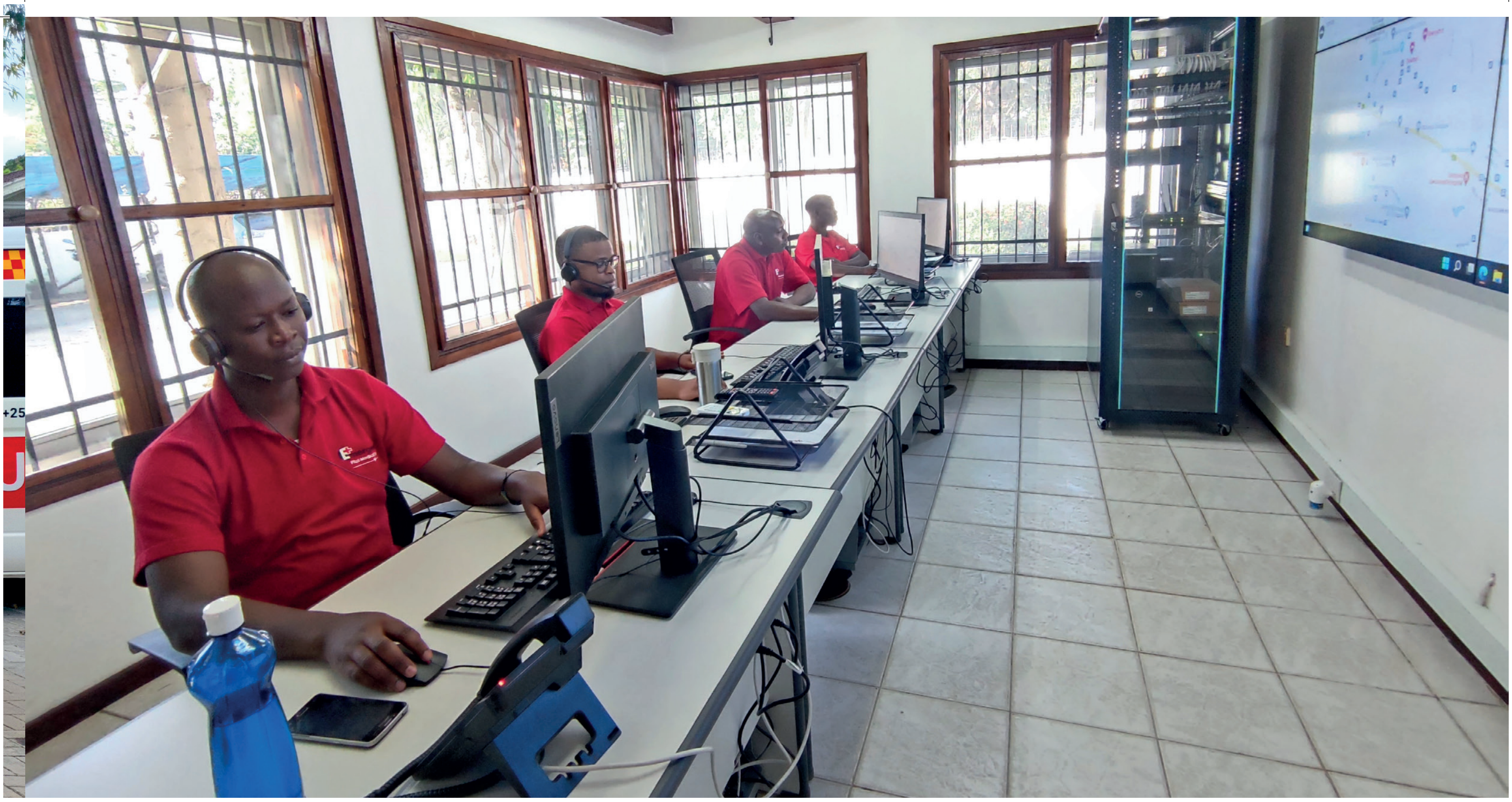
With an initial fleet of 40 brand new and fully equipped ambulances (Basic Life Support-24 and Advanced Life Support-16), E-Plus Tanzania is the premier emergency medical services provider in Tanzania.

Our Dar es Salaam operations began on 21st May 2022 after an extensive training of the pioneer group of Paramedics and Ambulance Operators.

24-hour Dispatch Center: *E-Plus became the first EMS provider in Tanzania to commission and operate a dedicated 24-hour emergency dispatch center with a suite of advanced radio communications*

What E-Plus Tanzania has Achieved

- **24-hour Dispatch Center**: E-Plus became the first EMS provider in Tanzania to commission and operate a dedicated 24-hour emergency dispatch center with a suite of advanced radio communications, ambulance tracking and fleet monitoring systems, a secure Customer Management Relationship management system and the capability to handle multiple



incoming and outgoing emergency calls through our emergency numbers, which include a toll-free emergency line

- **The Aga Khan Hospital, Dar-es-Salaam:** Following a rigorous audit process based on The Joint Commission standards for excellence in patient safety and care, E-Plus Tanzania was contracted by The Aga Khan Hospital Dar-es-Salaam as the sole ambulance services provider to the hospital and its outpatient centers

- In the subsequent audits by the hospital's quality management team, E-Plus has achieved the best standards of any ambulance provider the hospital has previously worked with

- Several large and medium sized hospitals have since contracted E-Plus to provide ambulance services to their facilities and engagements with other facilities is ongoing

- **Young Africans Sports Club (Yanga Football Club)**: The largest and most popular football team in Tanzania has contracted E-Plus Tanzania as the sole EMS provider during all its local and international matches played in Tanzania

- In the international matches covered so far, match health officials have been deeply impressed by the level of equipment and supplies in the ambulance

- **Marathon Coverages and Other Events**: E-Plus Tanzania became the event coverage partner of choice for Tanzania's largest events in six months. This is due to the unrivaled quality of service and capacity to deploy a large number of ambulances and personnel resources when required
- **Tembo Nickel Mining Project:** E-Plus Tanzania has been contracted to offer remote medical support and evacuation services at the Tembo Nickel mining project in Kabanga. One ambulance is stationed at the camp to support the medical clinic and conduct any evacuations that may arise

Major events covered in 2022

- Mazingira Marathon
- CRDB Marathon
- Mr. UK Marathon
- NMB Marathon
- WAWAWTA Golden Jubilee Celebrations
- Rejoice Tanzania Music Concert
- Dar-es-Salaam Yacht Club Corporate Golf Tournament

Challenges Experienced

- **Competition:** While there is no other EMS provider with the level of capability and capacity of E-Plus Tanzania, the existing ambulance companies have dominated the market by offering low rates for their services. This has made market penetration by E-Plus Tanzania challenging as the market regards our prices as too high. However, by demonstrating our capacity, level of equipment and reliability, clients are beginning to appreciate the value offered compared to other cheaper service providers
- **Lack of public awareness:** Ambulance use in Dar-es-Salaam is low, compared to Kenya. This could be due to the lack of a dedicated EMS service provider or a lack of awareness on the need for quality pre-hospital care. Most patients are transported to hospital using taxi or private cars. E-Plus Tanzania continues to sensitize the public on the importance of receiving prompt and quality care in case of an emergency and how their services can provide this

Several large and medium-sized hospitals have since contracted E-Plus to provide ambulance services to their facilities and engagements with other facilities is ongoing

Opportunities for 2023

- **Sports:** Football is huge in Tanzania and presents a unique opportunity for E-Plus Tanzania in terms of business (covering football matches) and marketing opportunities. Local and regional matches attract capacity crowds in the stadiums and large viewership on television. Having the E-Plus Tanzania brand associated with football will lead to visibility in the market
- Tanzania also hosts numerous marathons that can also provide business and visibility for the brand
- **Oil and Gas projects:** Tanzania is readying itself for two mega projects in oil and gas; The East African Crude Oil Pipeline (EACOP) Project and the Liquid Natural Gas (LNG) project. These present good opportunities in the provision of emergency evacuation services and remote medical support during the period of the project. E-Plus Tanzania is aggressively pursuing these opportunities
- **Mining:** The mining industry in Tanzania is gearing up to be a major contributor to the economy. With various multi-national companies having secured mining licenses and with mining operations ongoing or coming up in various regions of the country, E-Plus Tanzania has the opportunity to offer remote medical support at the project sites
- **Tourism and MICE:** Tanzania is a leading tourist and meetings, incentives, conferences and exhibitions (MICE) destination with numerous attractions and event/conference venues. This presents an opportunity for E-Plus in event coverage and tourist medical evacuation packages


ZOLL
AED
Restraint Straps
NO SMOKING
SPENCER


EMERGENCY CASE
SPENCER

E-Plus Tanzania plans to uniquely position itself as the pre-hospital care provider of choice within Tanzania amongst other plans below:

- E-Plus Tanzania is now Tanzania's premier pre-hospital care provider and we seek to make that known to the entire country
- Expand coverage to other major towns and cities such as Arusha, Dodoma, Mwanza, Mbeya and Morogoro as well as the Zanzibar
- Position E-Plus Tanzania to capture the tourist, corporate and insurance market through this widespread coverage
- Capture new markets in the mining and oil and gas sector by providing standby ambulance services and remote site clinic services

Call Statistics

Month	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTALS
No of Calls	2	5	7	16	10	7	23	20	90
No of Events	0	1	1	4	8	5	6	5	30

FINANCIAL STATEMENTS

EMERGENCY PLUS MEDICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Emergency Plus Medical Services Limited
Annual Report and Financial Statements
For the year ended 31 December 2022

CONTENTS | **PAGE**

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dr. Abbas Gullet
	:	Ms. Mary Maingi
	:	Mr. Paul Gondi Edward Odhiambo
	:	Mr. Patrick Mwangi Mungai
	:	Mr. Mahabub Mohamed Maalim *
	:	Ms. Jacqueline Wasonga Leslie Akinyi*
	*	Appointed on 6 March 2022
REGISTERED OFFICE AND	:	L.R. No. 209/10203
PRINCIPAL PLACE OF BUSINESS	:	Red Cross Road, off Popo Road
	:	P.O. Box 40712, 00100
	:	NAIROBI
INDEPENDENT AUDITOR	:	PKF Kenya LLP
	:	Certified Public Accountants
	:	P.O. Box 14077, 00800
	:	NAIROBI
COMPANY SECRETARIES	:	Francisca Wambua
	:	Certified Secretary and Advocates
	:	P.O. Box 10862, 00100
	:	NAIROBI
PRINCIPAL BANKERS	:	National Bank of Kenya Limited
	:	NAIROBI
	:	Diamond Trust Bank
	:	NAIROBI
PARENT	:	Kenya Red Cross Society
	:	KENYA

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited separate financial statements for the year ended 31 December 2022 which show the company's state of affairs. Consolidated financial statements of the group for which the company is the parent will be separately presented.

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 2022 the total turnover of the company increased from Shs. 1,201,487,348 in 2021 to Shs. 1,298,613,536. This was mainly attributed to increase in membership for one of the major contracts during the year. The profit before tax decreased from Shs. 318,831,528 to Shs. 180,698,978 due to impairment losses on financial assets , advertising and branding.

As at 31 December 2022, the net asset position of the company was Shs. 749,630,881 compared

to Shs 596,052,143 as at 31 December 2021.

Key performance indicators	2022	2021
Turnover (Shs)	1,298,613,536	1,201,487,348
Gross profit (Shs)	710,759,323	656,448,757
Gross profit margin (%)	55%	55%
Profit for the year (Shs)	180,698,978	318,831,528
Net assets (Shs)	749,630,881	596,052,143

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging mainly due to the low market penetration especially for individuals and corporates. The company's strategic focus is to enhance sales growth through continuous education of potential clients mainly corporates and individuals. At the moment the main clients are the NHIF and County governments. The success of this strategy depends on the stability of the economy.

REPORT OF THE DIRECTORS (CONTINUED)

The Board is of the opinion that as the economy continues to improve, the company will be able to increase the membership fees as individuals were able to realize the importance of their services during and after the Covid outbreak. The company has also embarked on a diversification program whereby looking to spread its services to other countries within Africa. At the moment the company has started operations in Gambia and Tanzania while looking at other countries in the near future.

In addition to the business risk discussed above the company's activities are exposed to a number of financial risks which are described in detail in Note 25 in the financial statements.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2021: 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.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

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 LLP continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD

DIRECTOR

NAIROBI

12 April 2023

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 2022 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.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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 **12 April** 2023 and signed on its behalf by:

__________________ **DIRECTOR**

__________________ **DIRECTOR**

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 39, which comprise the statement of financial position as at 31 December 2022, statement of profit or loss, statement of changes in equity, 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 2022, 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 matter

The financial statements represents separate financial statements of the company. Consolidated financial statements of the group of which the company is the parent including our audit report thereon, will be separately presented.

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.

Other information (continued)

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.

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.

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Report on other matters prescribed by the Kenyan Companies Act

In our opinion the information given in the report of the directors on pages 61 and 62 are consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Mike Kimundu - Practising certificate No. 2235

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For and on behalf of PKF Kenya LLP
Certified Public Accountants

Nairobi, Kenya

____18 April____________2023

xxxx/23

STATEMENT OF PROFIT OR LOSS

	Notes	2022 Shs	2021 Shs
Revenue	2	1,298,613,536	1,201,487,348
Cost of sales		(587,854,213)	(545,038,591)
Gross profit		710,759,323	656,448,757
Other operating income	3	20,702,713	23,020,933
Amortisation of capital grants	12	27,120,240	27,120,240
Selling and marketing expenses		(106,867,724)	(43,930,134)
Impairment losses on financial assets	4	(189,689,679)	(11,150,314)
Administrative expenses		(240,423,183)	(307,738,866)
Other operating expenses		(17,836,697)	(16,335,114)
Operating profit	5	203,764,993	327,435,502
Finance costs	7	(23,066,015)	(8,603,974)
Profit before tax		180,698,978	318,831,528
Tax (charge)	8	-	-
Profit for the year		180,698,978	318,831,528

The Notes on pages 75 to 116 form an integral part of these financial statements.

Report of the Independent Auditor - pages 66 to 68.

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
	Notes	Shs	Shs
CAPITAL EMPLOYED			
Share capital	9	20,000,000	20,000,000
Capital grant	12	75,290,024	102,410,264
Capital fund	11	141,761,575	141,761,575
Accumulated profit		512,579,282	331,880,304
Shareholders' equity		749,630,881	596,052,143
Non-current liabilities			
Borrowings	10	530,567,128	-
Lease liabilities	13	10,191,523	39,016,659
		540,758,651	39,016,659
		1,290,389,532	635,068,802
REPRESENTED BY			
Non current assets			
Property and equipment	15	158,695,702	211,334,475
Right-of-use assets	16	31,000,283	77,255,533
Investment in subsidiaries	17	2,121,906	2,121,906
Trade and other receivables	19	600,000,000	-
		791,817,891	290,711,914
Current assets			
Inventories	18	16,680,808	13,586,234
Trade and other receivables	19	455,522,242	367,126,673
Cash and cash equivalents	20	216,215,366	146,900,623
		688,418,416	527,613,530

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Current liabilities			
Borrowings	10	16,902,625	-
Lease liabilities	13	27,950,843	56,357,103
Trade and other payables	21	136,762,710	118,477,901
Contract liabilities	22	8,216,420	8,407,462
Current tax		14,177	14,177
		189,846,775	183,256,643
Net current assets		498,571,641	344,356,888
		1,290,389,532	635,068,802

The financial statements on pages 69 to 114 were approved and authorised for issue by the Board

of Directors on ______12 April______________ 2023 and were signed on its behalf by:

_______________________ DIRECTOR _______________________ DIRECTOR

The Notes on pages 75 to 116 form an integral part of these financial statements.

Report of the Independent Auditor - pages 66 to 68.

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Capital fund Shs	Retained earnings Shs	Capital grant Shs	Total Shs
Year ended 31 December 2021					
At start of year	20,000,000	141,761,575	13,048,776	129,530,504	304,340,855
Profit for the year	-	-	318,831,528	-	318,831,528
Amortisation	-	-	-	(27,120,240)	(27,120,240)
At end of year	20,000,000	141,761,575	331,880,304	102,410,264	596,052,143
Year ended 31 December 2022					
At start of year	20,000,000	141,761,575	331,880,304	102,410,264	596,052,143
Profit for the year	-	-	180,698,978	-	180,698,978
Amortisation	-	-	-	(27,120,240)	(27,120,240)
At end of year	20,000,000	141,761,575	512,579,282	75,290,024	749,630,881

The Notes on pages 75 to 116 form an integral part of these financial statements.

Report of the Independent Auditor - pages 66 to 68.

STATEMENT OF CASH FLOWS

	Notes	2022 Shs	2021 Shs
Operating activities			
Cash (used in) / from operations	23	(367,217,590)	141,101,743
Interest on lease liability		(9,581,273)	(17,366,068)
Interest paid on borrowings		(34,944,548)	-
Net cash (used in) /from operating activities		(411,743,412)	123,735,675
Investing activities			
Purchase of property and equipment	15	(3,233,355)	(19,776,830)
Investment in subsidiaries	17	-	(1,957,426)
Acquistion of right-of-use assets	16	(240,800)	-
Proceeds from disposal of property and equipment		3,170,215	4,806,447
Net cash (used in) investing activities		(303,940)	(16,927,809)
Financing activities			
Payments of principal portion of the lease liability	13	(66,107,657)	(57,745,543)
Proceeds from borrowings	10	706,900,000	-
Repayments of borrowings	10	(159,430,247)	-
Amount financed by lease liability	12	-	8,401,558
Changes in restricted cash balances	20	(42,864,623)	(31,768,977)
Net cash from / (used in) financing activities		438,497,473	(81,112,962)

STATEMENT OF CASH FLOWS (CONTINUED)

Increase in cash and cash equivalents		26,450,121	25,694,904
Movement in cash and cash equivalents			
At start of year		75,029,574	49,334,670
Increase		26,450,121	25,694,904
At end of year	20	101,479,695	75,029,574

The Notes on pages 75 to 116 form an integral part of these financial statements.

Report of the Independent Auditor - pages 66 to 68.

NOTES
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.

hese 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.

(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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 - Inventories or value in use in IAS 36 - Impairment of Assets.

These financial statements comprise unconsolidated separate financial statements of the company only. Consolidated financial statements incorporating the results of the group for which the company is the parent are separately presented.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

Going concern

The financial performance of the company is set out in the director's report and in the statement of profit or loss and the other comprehensive income. 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 25

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 standards, amendments and interpretations adopted by the company

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'
The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning the earliest period presented.

Amendments to IAS 37 'Onerous Contracts - Costs of Fulfilling a Contract'
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

These amendments had no impact on the financial statements of the company as the company did not identify any contracts as being onerous at the beginning and end of the reporting period.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter'

The amendment provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity. This exemption is also available to an associate or joint venture that becomes a first-time adopter later than an entity that has significant influence or joint control over it.

These amendments had no impact on the financial statements of the group as it is not a first time adopter.

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the financial statements of the company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities'

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment had no impact on the financial statements of the group as there were no modifications of the group's financial instruments during the period.

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 1 'Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022), effective for annual periods beginning or after 1 January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.
- The company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
- Amendments to IAS 1 'Non-current Liabilities with Covenants' (issued in October 2022) effective for annual periods beginning on or after 1 January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021)

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- The amendments are not expected to have a material impact on the company's financial statements.
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021), effective for annual periods beginning on or after 1 January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The company is currently assessing the impact of the amendments.

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback' (issued in September 2022), effective for annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The group does not issue insurance contracts.
- Amendments to IFRS 9 and IFRS 17 'Initial application of IFRS 17 and IFRS 9 – Comparative Information' (issued in December 2021), applicable on initial application of IFRS 17, add a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

Except where indicated above, the directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

(b) Significant accounting judgements, estimates and assumptions

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. For non-trade receivables, the company recognising the expected credit loss by using the general model approach. The company made an assessment of the non trade receivables' ability to repay the balance at the date of reporting. If non-trade receivables has sufficient liquid assets to repay the balance at the reporting date , then expected credit loss will be near NIL (probability of default (PD) rate is zero%. However if the party does not have sufficient liquid asset to repay the balance at the year end then company consider the subsequent manner of recovery of the balances."
- **Measurement of Expected Credit Losses (ECL) - Cash and cash equivalents** A n 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.
- **Amendment to IFRS 16 'Lease Liability in a Sale and Leaseback' (issued in September 2022)**, effective for annual periods beginning on or after 1 January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.
- **IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning** on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The group does not issue insurance contracts.
- **Amendments to IFRS 9 and IFRS 17 'Initial application of IFRS 17 and IFRS 9** – Comparative Information' (issued in December 2021), applicable on initial application of IFRS 17, add a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

Except where indicated above, the directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

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.

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- **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, 0.06% A rated, 0.23% for BBB rated, 0.59% for BB rated, 2.64% for B rated and 15.98% for CCC/C rated financial institutions (Source: S&P 2021 Default, Transition, and Recovery: 2021 Annual Global Corporate Default And Rating Transition Study). 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 0.59% 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 2.64%. 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 15.98%.

- **Assessment of credit risk**

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

- **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 .

- **Useful lives, depreciation methods and residual values of property and equipment, and right-of-use assets**

  Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment and right-of-use assets assets are disclosed in notes 15 and 16 respectively.

- **Accounting for leases under IFRS 16**
  Management has made various judgements and estimates under IFRS 16 as detailed below:
  Incremental borrowing rate: To determine the incremental borrowing rate, the company:
  - where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
  - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
  - "makes adjustments specific to the lease, e.g.. term, country, currency and security

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining whether the company has a valid contract for the purpose of revenue recognition, the company has relied on the guidance of IFRS 15 in identifying whether a contract exists. The directors have made an assumption in the event that the company does not have a signed contract from a continuing client, a valid contract exists where the company has a formal award letter which has the contract price, time period of the contract and the amount of the performance bond to be issued. As the date of this report, there has not been any dispute of the contract as per the government procurement rules. The company continues to offer membership servised to the client which have been accepted. Note 2 to the financial statement set out these factors in more details.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

Revenue from contracts with customers

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all been met for contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

i) Sales of kits

Sale of training kits is recognised at the point of delivery to, and acceptance by, the customer hence recognised at the point of transfer.

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 over a period of time.

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.

d) 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.

e) Property and equipment

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

e) 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:

	Rate
Buildings	2%
Furniture and fittings	10%
Ambulance equipment	10%
Computers	30%
Motor vehicles	20%

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.
An item of property and equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. 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/loss.

f) Financial instruments
Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

- **Financial assets**
  Purchases or sales of financial assets are recognised initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

  The company classifies its financial assets into the following category:

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

(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 reassess 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.

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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

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.

All financial liabilities are recognised initially at fair value and, in the case of loans and and borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

- **Derecognition**
  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

- **Offsetting financial instruments**
  Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a currently enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g) Investment in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the society has the power to govern the financial and operating policies. Control is achieved when the company; has power over the subsidiary; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The company also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the society's voting rights relative to the size and dispersion of holdings of other shareholders give the society the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For purposes of these separate financial statements, the investments in subsidiaries are carried at cost less provisions for impairment.

h) 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.

Restricted cash balances are those balances that the company cannot use for working capital purposes as they have been placed as perfomance bond for service contract.

i) Taxation

No taxation has been provided in these accounts, as the company is exempt from tax on its income as discussed on note 27.

j) Accounting for leases

The company as lessee

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for leases (continued)

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the company at the end of the lease term, the estimated useful life would not exceed the lease term.

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

k) 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.

Employee entitlement

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

l) Capital fund

Capital fund 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 give rise to a liquidity shortage.

m) Capital grants

This represents assets that arepurchased using donor grants or those received in kind. The capital grants are recognised at the fair value of the assets. The grant balance is amortised to income annually at an amount equal to that of depreciating the assets received as grants.

NOTES (CONTINUED)

n) Share capital

Ordinary shares are classified as equity.

o) Comparatives

There were no changes in presentation in the current year.

2. **Revenue**	**2022** **Shs**	**2021** **Shs**
Recognised over time		
• Ambulance coverage fee	285,128,479	350,409,492
• Membership fees	999,864,481	839,951,457
• Recognised at a point in time		
• First aid kits	13,620,576	11,220,899
• First aid training	-	(94,500)
	1,298,613,536	1,201,487,348

3. **Other operating income**		
Members deposits	319,167	774,102
Health talks income	3,254,163	2,626,990
Other income	3,591,455	6,595,599
Interest earned	9,216,951	5,416,648
Reimbursement of expenses	1,200,771	5,178,589
Gain on write off of lease liabilities and right of use assets	-	553,118
Gain on disposal of property and equipment	3,120,206	1,875,887
	20,702,713	23,020,933

NOTES (CONTINUED)

		2022	2021
4. Impairment losses on financial assets		Shs	Shs
Expected credit losses on trade and other receivables		189,273,702	10,945,783
Expected credit losses on cash and bank balances		415,977	204,531
		189,689,679	11,150,314

5. Operating profit

The following items have been charged in arriving at the operating profit:

		2022	2021
Increase in provision for ECL on trade and other receivables (Note 19)		189,273,702	10,945,783
Increase in provision for ECL on cash and bank balances (Note 20)		415,977	204,531
Rent and rates		4,800,672	1,360,000
Directors allowances		1,886,391	1,514,596
Repairs and maintenance		1,041,280	1,940,224
Staff costs (Note 6)		23,558,090	19,821,368
Depreciation on property and equipment (Note 15)		55,822,119	56,441,713
Depreciation on right-of-use assets (Note 16)		51,865,694	52,822,008
Auditor's remuneration			
-	Current year	750,000	800,000

NOTES (CONTINUED)

6. Staff costs

	Shs	Shs
Pension costs:		
• Defined contribution scheme contribution	5,458,571	4,884,248
• National Social Security Fund	74,400	1,359,160
Other staff costs	11,378,635	8,391,258
Staff medical	6,646,485	5,186,702
	23,558,090	19,821,368

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

	2022	2021
Ambulance staff	247	263
Management and administration	29	20
Total	276	283

7. Finance costs

	2022 Shs	2021 Shs
Net foreign exchange (gain) / loss	(11,878,533)	8,603,974
Interest expenses on borrowings	34,944,548	-
	23,066,015	8,603,974

8. Tax

Current tax	-	-
Deferred tax charge (Note 14)	-	-
Tax	-	-

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

NOTES (CONTINUED)

Profit before tax	180,698,978	318,831,528
Tax calculated at a tax rate of 30% (2021: 30%)	54,209,694	95,649,458
Tax effect of:		
• income net of expenses not subject to tax	(54,209,694)	(95,649,458)
	-	-

The company received a tax exemption certificate on 11th November 2020 valid for 5 years to 10th November 2025. The exemption was received as the Parent company is Kenya Red Cross Society which is a charitable entity and exempt from tax.

9. Share capital

	2022 Shs	2021 Shs
Authorised, issued and fully paid:		
100,000 (2021: 100,000) ordinary shares of Shs. 200 each	20,000,000	20,000,000

10. Borrowings

	2022 Shs	2021 Shs
The borrowings are made up as follows:		
Non-current		
Bank borrowing	530,567,128	-
Current		
Bank borrowing	16,902,625	-
Total borrowings	547,469,753	-
Reconciliation of liabilities arising from financing activities:		
At start of year	-	-
Interest charged to profit or loss	34,944,548	-

NOTES (CONTINUED)

10. Borrowings (continued)	2022	2021
Cash flows:		
• Operating activities (interest paid)	(34,944,548)	-
• Proceeds from long-term borrowings	706,900,000	-
• Repayments of long-term borrowings	(159,430,247)	-
At end of year	547,469,753	-

The bank borrowings are secured by the following:

- First Ranking legal charge for Kshs 1,100,000,000 over property L.R No. 209/10203(I.R No. 43163) to be registered in the name of Boma International Hospitality College Limited and Emergency Plus Medical Services.
- Commercial benefit agreement between Red Court Hotel Limited, Emergency Plus Medical Services Limited and Kenya Red Cross Society. This shall be extinguished once the the security over property L.R 209/10203 has been duly transferred and charge registered.
- Corporate Guarantee and indemnity for Kshs 600,000,000 to be executed by the Directors of Red Court Hotel Limited supported by a Board resolution.
- Corporate Guarantee and indemnity for Kshs 600,000,000 to be executed by the Directors of Kenya Red Cross Society supported by a Board resolution.
- Deed of Subordination of debt by the Borrower and its Guarantors effectively ranking the Banks Debt first in priority.

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

	2022 Shs	2021 Shs
6 months or less	8,319,807	-
6 - 12 months	8,616,680	-
1 - 5 years	118,612,810	-
Over 5 years	411,920,456	-
	547,469,753	-

Weighted average effective interest rates at the year end were:

Bank borrowing	11.0%	-

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

NOTES (CONTINUED)

10. Borrowings (continued) 2022 2021

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.

Maturity based on the repayment structure of non-current borrowings is as follows:	2022 Shs	2021 Shs
Between 1 and 2 years	39,784,390	-
Between 2 and 5 years	147,847,521	-
Over 5 years	342,935,217	-
	530,567,128	-

11. Capital fund

At start and end of year	141,761,575	141,761,575

In the year 2018 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.

12. Capital grant

	2022 Shs	2021 Shs
At start of year	102,410,264	129,530,504
Amortisation of capital grant	(27,120,240)	(27,120,240)
At end of year	75,290,024	102,410,264

The capital grant represents ambulances acquired through a project funding agreement for the KRCS Covid 19 response funded by the International Federation of Red Cross and Red Crescent Societies (IFRC). The company also received a grant from the Swiss Agency for Development and Corporation (SDC) for procurement of Isolation chambers for ambulances.

NOTES (CONTINUED)

12 Capital grant (continued)

	2022	2021
	Number	**Fair value**
		Shs
Ambulance acquired - IFRC funded	42	132,069,823
Isolation chambers - SDC funded	5	6,696,100
		138,765,923

13. Lease liabilities

	2022 Shs	2021 Shs
Non-current	10,191,523	39,016,659
Current	27,950,843	56,357,103
	38,142,366	95,373,761

The total cash outflow for leases in the year was:

	2022	2021
Payments of principal portion of the lease liability	66,107,657	57,745,543
Interest paid on lease liabilities	9,581,273	17,366,068
	75,688,930	75,111,611

Reconciliation of lease liabilities arising from financing activities:

	2022	2021
At start of year	95,373,761	146,861,428
Interest charged to profit or loss	9,581,273	17,366,068
Foreign exchange loss	3,506,617	-
Cash flows:		
• Operating activities (interest paid)	(9,581,273)	(17,366,068)
• Waiver of lease liability		(2,143,681)
• Amounts financed through leases	5,369,645	-
• Payments under leases	(66,107,657)	(57,745,543)
• Foreign currency adjustment	-	8,401,558
At end of year	38,142,366	95,373,761

NOTES (CONTINUED)

Lease liabilities are secured by the ambulance.

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

	2022 Shs	2021 Shs
6 months or less	20,282,205	27,269,005
6 - 12 months	7,668,638	29,088,098
1 - 5 years	10,191,523	39,819,021
	38,142,366	96,176,124

Weighted average effective interest rates at the reporting date was:	"2022 %"	"2021 %"
Lease liabilities	13.5	13.5

In the opinion of the directors, the carrying amounts of lease liabilities approximate to their fair value.

The carrying amounts of the company's lease liabilities are denominated in the following currencies:

	2022 Shs	2021 Shs
Swiss Franc (CHF)	38,142,366	95,373,761

Maturity based on the repayment structure of lease liabilities is as follows:

Gross lease liabilities - minimum lease payments		
Not later than 1 year	30,786,380	73,811,843
Later than 1 year and not later than 5 years	11,174,335	29,254,047
Total gross lease	41,960,715	103,065,891
Future interest expense on leases liabilities	(3,818,349)	
Present value of lease liabilities	38,142,366	95,373,761

NOTES (CONTINUED)

14. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows.

	2022 Shs	2021 Shs
At start of year	-	-
Charge to profit or loss (Note 8)	-	-
At end of year	-	-

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

Year ended 31 December 2022			
Deferred tax (assets)	**At start of year Shs**	**Charge/ (credit) profit or loss Shs**	**At end of year Shs**
Unrealised exchange differences	-	-	-
Provisions	-	-	-
Lease liabilities	-	-	-
	-	-	-
Deferred tax liability			
Right of use	-	-	-
Property and equipment	-	-	-
	-	-	-
	-	-	-

NOTES (CONTINUED)

Deferred tax not recognised	-	-	-
Net deferred tax (asset)	-	-	-
Year ended 31 December 2021			
Unrealised exchange differences	(471,840)	471,840	-
Provisions	(49,228,303)	49,228,303	-
Lease liabilities	(44,058,428)	44,058,428	-
	(93,758,572)	93,758,572	-
Deferred tax liability			
Right of use	39,500,431	(39,500,431)	-
Property and equipment	6,531,357	(6,531,357)	-
	46,031,788	(46,031,788)	-
	(47,726,783)	47,726,783	-
Deferred tax not recognised	47,726,783	(47,726,783)	-
Net deferred tax (asset)	-	-	-

On 11th November 2020, the company received a tax exemption certificate hence deferred tax assets and liabilities have been reversed.

NOTES (CONTINUED)

15. Property and equipment

Year ended 31 December 2022

	Buildings Shs	Furniture and fittings Shs	Ambulance equipment Shs	Computers Shs	Ambulance Vehicles Shs	Total Shs
Cost						
At start of year	5,005,325	10,373,531	200,623,337	31,818,848	164,408,094	412,229,135
Additions	-	150,074	-	3,083,281	-	3,233,355
Disposal	-	-	-	(274,175)	-	(274,175)
At end of year	5,005,325	10,523,605	200,623,337	34,627,954	164,408,094	415,188,315
Depreciation						
At start of year	1,201,352	6,536,609	114,262,291	25,403,154	53,491,254	200,894,660
Charge for the year	100,128	673,272	18,407,521	3,759,459	32,881,740	55,822,119
Disposal	-	-	-	(224,166)	-	(224,166)
At end of year	1,301,480	7,209,881	132,669,812	28,938,447	86,372,994	256,492,613
				-28,938,447		
Net book value	3,703,845	3,313,724	67,953,525	5,689,508	78,035,100	158,695,702
Year ended 31 December 2021						
Cost						
At start of year	5,005,325	9,786,550	185,630,955	29,420,329	168,517,683	398,360,841
Additions	-	586,981	14,992,382	3,063,519	1,133,948	19,776,830
Disposal	-	-	-	(665,000)	(5,243,537)	(5,908,537)
At end of year	5,005,325	10,373,531	200,623,337	31,818,848	164,408,094	412,229,135

Depreciation						
At start of year	1,101,224	5,791,857	96,624,957	21,196,331	22,716,553	147,430,922
Charge for the year	100,128	744,752	17,637,334	4,871,823	33,087,676	56,441,713
Disposal	-	-	-	(665,000)	(2,312,975)	(2,977,975)
At end of year	1,201,352	6,536,609	114,262,291	25,403,154	53,491,254	200,894,660
Net book value	3,803,973	3,836,922	86,361,046	6,415,694	110,916,840	211,334,475

	2022 Shs	2021 Shs
Net book value of assets acquired through a grant (Note 12)	75,290,024	102,410,264
Net book value of purchased assets - under capital reserve	83,405,678	108,924,211
	158,695,702	211,334,475

The donated assets are accounted for at fair value.

NOTES (CONTINUED)

16. Right-of use assets

	Ambulance vehicles 2022 Shs	2021 Shs
At start of year	77,255,533	131,668,104
Additions	5,610,445	-
Lease cancellation	-	(1,590,563)
Depreciation charge for the year	(51,865,694)	(52,822,008)
At end of year	31,000,283	77,255,533

The company leases vehicles. The leased vehicles are typically for periods of between 3 and 5 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

17. Investment in subsidiary

	2022 Shs	2021 Shs
G-Plus (Gambia) Limited	164,480	164,480
Emergency Plus Services Limited Tanzania	1,957,426	1,957,426
	2,121,906	2,121,906

Subsidiary	Country of incorporation	Principal activities	Holding
		Emergency medical evacuation and rescue services	80%

G-Plus (Gambia) Limited	Gambia		80%	164,480	164,480
Emergency Plus Services Limited Tanzania	Tanzania	Emergency medical evacuation and rescue services	80%	1,957,426	1,957,426
				2,121,906	2,121,906

Consolidated financial statements incorporating the results of the subsidiaries are separately presented.

NOTES (CONTINUED)

18.	Inventories	2022 Shs	2021 Shs
	Consumables	16,680,808	13,586,234

19.	Trade and other receivables	2022 Shs	2021 Shs
	Non-current		
	Deposits to related party (Note 24 (vi))	600,000,000	-
	Current		
	Trade receivables	418,775,767	379,643,447
	Less: provision for impairment	(120,377,283)	(111,941,665)
	Net trade receivables	298,398,484	267,701,782
	Prepayments	3,722,988	4,337,850
	Other receivables	5,161,104	2,225,469
	Receivables from related parties (Note 24 (iii))	390,981,697	154,765,519
	Less: provision for impairment	(242,742,031)	(61,903,947)
		455,522,242	367,126,673
	Movement in impairment provisions - Trade receivables		
	At start of year	111,941,665	85,060,064
	Increase	8,435,618	26,881,601
	At end of year	120,377,283	111,941,665
	Movement in impairment provisions - Related party balances		
	At start of year	61,903,947	77,839,765
	Increase/ (decrease)	180,838,084	(15,935,818)
	At end of year	242,742,031	61,903,947

NOTES (CONTINUED)

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 the following currencies:

	2022	2021
	Shs	Shs
Kenya Shilling	383,939,338	305,586,768
US Dollar	71,582,904	61,539,905
	455,522,242	367,126,673

20. Cash and cash equivalents

Cash at bank and in hand	218,030,390	148,299,669
Provision for expected credit losses	(1,815,023)	(1,399,046)
	216,215,366	146,900,623
At start of year	1,399,046	1,194,515
Increase in ECL during the year	415,977	204,531
At end of year	1,815,023	1,399,046

The weighted average effective interest rate on short-term bank deposits at year-end was 9.5% (2021: 7.5%).

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:	2022	2021
	Shs	Shs
Cash at bank and in hand	216,215,366	146,900,623
Less: Restricted cash balances	(114,735,672)	(71,871,049)
	101,479,695	75,029,574

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.

NOTES (CONTINUED)

21. Trade and other payables	Shs	Shs
Trade payables	94,236,348	72,498,586
Accruals	10,187,979	7,858,083
Provision for leave pay	-	2,374,158
Other payables	5,589,618	421,150
Payable to related parties (Note 24 (iv))	26,748,765	35,325,924
	136,762,710	118,477,901

Included in trade payables is an amount due to International Federation of Red Cross and Red Crescent Societies (IFRC) amounting to Shs. 24,265,326. IFRC is a member body comprising 193 national society members representing the countries of origin. Kenya Red Cross Society (KRCS) which is the national society in Kenya is a member of IFRC. Its role is to strengthen capacity of national societies and enable KRCS reach its goals.

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:

	2022 Shs	2021 Shs
Kenya Shilling	112,497,384	118,219,661
Swiss Franc	24,265,326	258,240
	136,762,710	118,477,901

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

NOTES (CONTINUED)

21. Trade and other payables (continued)

As at 31 December 2022	0 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	53,970,105	40,266,243	94,236,348
Accruals	-	10,187,979	10,187,979
Other payables	-	5,589,618	5,589,618
Payable to related parties	-	26,748,765	26,748,765
	53,970,105	82,792,606	136,762,710

As at 31 December 2021	0 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	54,373,939	18,124,646	72,498,585
Provision for leave pay	-	2,374,158	2,374,158
Accruals	7,858,083	-	7,858,083
Other payables	421,150	-	421,150
Payable to related parties	24,779,226	10,546,699	35,325,925
	87,432,397	31,045,503	118,477,900

22. Contract liabilities

	2022 Shs	2021 Shs
Deferred income:		
At start of year	8,407,462	12,401,217
Deferred during the year	8,216,420	8,407,462
Transfer to revenue	(8,407,462)	(12,401,217)
At end of year	8,216,420	8,407,462

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 in Kenya Shillings.

NOTES (CONTINUED)

23. Cash (used in)/from operations

	2022 Shs	2021 Shs
Reconciliation of profit before tax to cash generated (used in)/from operations:		
Profit before tax	180,698,978	318,831,528
Adjustments for:		
Depreciation on property and equipment (Note 15)	55,822,119	56,441,713
Depreciation on right-of-use assets (Note 16)	51,865,694	52,822,008
Gain on disposal of property and equipment	(3,120,206)	(1,875,887)
Gain on transfer of lease liabilities and right of use assets	-	(553,118)
Amortisation of capital grant (Note 12)	(27,120,240)	(27,120,240)
Interest on lease liabilities (Note 13)	9,581,273	17,366,068
Foreign exchange losses in lease liabilities	3,506,618	-
Interest expenses on borrowings (Note 7)	34,944,548	-
Changes in working capital:		
• inventories	(3,094,574)	1,939,440
• trade and other receivables	(688,395,569)	(173,084,896)
• trade and other payables	18,284,809	(99,671,119)
• deferred income	(191,042)	(3,993,755)
Cash (used in)/from operations	(367,217,590)	141,101,743

24. Related party transactions and balances

The company is controlled by Kenya Red Cross Society which owns 100% of the company's shares. The following transactions were carried out parties related to the company through common shareholding and directorship.

	2022 Shs	2021 Shs
i)		
	10,378,265	6,580,645
	107,077	1,071,798
	1,116,509	498,161

NOTES (CONTINUED)

24. Related party transactions and balances (continued)

	694,100	-
	42,000	-
	12,337,951	8,150,604

ii) Purchase of services	2022 Shs	2021 Shs
Donation to Kenya Red Cross Society (Parent)	24,768,324	125,000,000
Red Court Hotel - staff meals and laundry services	2,859,882	546,358
Boma Panafrican Limited - management fees	52,780,000	51,000,000
Kenya Red Cross Society (Parent)		
• Warehouse rent	1,740,438	1,765,964
• Transport	470,440	-
• Staff First Aid training	312,750	-
• Office Rent Mombasa	360,000	-
Switch TV - media and advertising	4,220,312	-
Land rates on sub lease	-	24,768,324
BIHC - Staff meals	119,520	
	87,631,666	203,080,646

Outstanding balances

iii) Receivables from related parties can be analysed as follows:

Kenya Red Cross Society - Administration (Parent)	95,214	5,295,521
Kenya Red Cross Society - Branches (Parent)	1,324,188	1,677,316
Kenya Red Cross Society - Programs (Parent)	3,428,767	2,441,431
ICHA	-	8,287,678
G-Plus Gambia Limited	71,582,904	61,539,905
Red Court Hotel	32,023,640	43,455,839

NOTES (CONTINUED)

24. Related party transactions and balances (continued)

Switch TV	5,154,804	112,804
Boma International Hospitality College	-	664,439
Emergency Plus Medical Services, Tanzania	277,372,180	31,290,586
Total	390,981,697	154,765,519
Less: Provision for impairment	(242,742,031)	(61,903,947)
Total receivable from related party (Note 19)	148,239,666	92,861,572
Movement		
At start of year	154,765,519	114,884,169
Advances	151,500,225	41,714,524
Expenses paid on behalf of related parties	88,536,860	12,155,659
Revenue made	11,943,092	-
Payments made	(38,969,279)	(16,106,604)
Exchange gain	23,205,280	2,117,772
At the end of year	390,981,697	154,765,519

The receivables from related parties are interest free, have no specific dates of repayment and are unsecured.

iv) Payables to related parties can be analysed as follows:

	2022 Shs	2021 Shs
Red Court Hotel	1,143,497	835,240
Kenya Red Cross Society - Administration (Parent)	22,452,634	20,312,575
Boma Panafrican Limited	-	12,153,774
Kenya Red Cross Society - Programs/ Departments (Parent)	991,507	1,989,500
Boma International Hospitality college	142,215	34,835
Kenya Red Cross Society - Branches (Parent)	175,345	-
ICHA	1,728,031	-
Switch TV	115,536	-
Total payable to related parties (Note 21)	26,748,765	35,325,924

NOTES (CONTINUED)

24. Related party transactions and balances (continued)

		2022	2021
		Shs	Shs
	Movement		
	At start of year	35,325,924	44,563,769
	Advances	3,632,347	26,724,237
	Purchase of services	68,795,292	65,206,192
	Payments/transfers made	(81,004,797)	(101,168,274)
	At the end of year	26,748,766	35,325,924
v)	**Key management personnel compensation**		
	Short term employee benefits	45,611,884	45,727,347
	Post employment benefits	4,276,424	4,109,494
		49,888,308	49,836,841
vi)	Deposit to related party	600,000,000	-

The above deposit are proceeds from a bank facility to finance the purchase of a property from the parent company which was applied to reduce a loan of related party.

NOTES (CONTINUED)

25. 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.

(a) **Market risk**

- *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 profit 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.

	2022	2021
	Shs	Shs
Effect on profit - decrease	3,312,230	(18,077)

- *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.

	2022	2021
	Shs	Shs
Effect on profit - decrease	3,116,808	1,215,625

NOTES (CONTINUED)

The table above summarises the reduction on post-tax profit 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.

25. Risk management objectives and policies (continued)

Financial risk management (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.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor 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. The organisation has rebutted the default date to 12 months as disclosed in Note 1(b) due to the nature of the business.

NOTES (CONTINUED)

Financial risk management (continued)

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:

	Lifetime expected credit losses	
Basis for measurement of loss allowance	2022	2021
	Shs	Shs
Trade receivables	418,775,767	379,643,447
Other receivables	5,161,104	2,225,469
Receivables from related parties	390,981,697	154,765,519
Cash at bank	216,215,366	146,900,623
Gross carrying amount	1,031,133,935	683,535,058
Loss allowance	(364,934,337)	(175,244,658)
Exposure to credit risk	666,199,598	508,290,400

NOTES (CONTINUED)

Financial risk management (continued)

(b) Credit risk (continued)

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.

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

	Not past due Shs	30 to 60 days past Shs	61 to 90 days past Shs	Over 90 days past Shs	Total Shs
As at 31 December 2022	30,540,535	273,371,429	19,175,427	486,670,073	809,757,464
As at 31 December 2021	219,008,038	51,808,048	20,346,889	243,245,991	534,408,966

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

Basis for measurement of loss allowance	Lifetime expected credit losses	
Year ended 31 December 2022	**2022 Shs**	**2021 Shs**
At start of year	175,244,658	164,094,344
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	189,689,679	11,150,314
At end of year		

NOTES (CONTINUED)

Financial risk management (continued)

	364,934,337	175,244,658

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

	Lifetime expected credit losses	
Basis for measurement of loss allowance	2022	2021
	Shs	Shs
Trade receivables (all related to contracts with customers)	120,377,283	111,941,665
Cash at bank	1,815,023	1,399,046
Total	122,192,306	113,340,711

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.

Notes 13 and 21 disclose the maturity analysis of lease liabilities and trade and other payables respectively.

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.

NOTES (CONTINUED)

Financial risk management (continued)

	Interest rate	Between 1 - 12 months	Between 2 - 5 years	Total
Year ended 31 December 2021	**%**	**Shs**	**Shs**	**Shs**
• Lease liabilities	13.5	30,786,380	11,174,335	41,960,715
• Borrowings	11	56,687,015	490,782,738	547,469,753
Non-interest bearing liabilities				
• Trade and other payables	Nil	136,762,710	-	136,762,710
		224,236,105	501,957,073	726,193,178
Year ended 31 December 2020	%			
• Lease liabilities	13.5	73,811,843	29,254,047	103,065,891
Non-interest bearing liabilities				
• Trade and other payables	Nil	118,477,901		
		192,289,744	29,254,047	103,065,891

26. 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.

NOTES (CONTINUED)

26. Capital management (continued)

The gearing ratios at 31 December 2021 and 2020 were as follows:

	2022 Shs	2021 Shs
Total borrowings, including Lease liabities (Note 10 and Note 13)	585,612,119	95,373,761
Less: cash and cash equivalents (Note 20)	(216,215,366)	(146,900,623)
Net debt	369,396,753	(51,526,861)
Total equity	749,630,881	596,052,143
Gearing ratio	0.5:1	-0.1:1

27. Taxation

The company received a tax exemption letter on 10 November 2020 based on the nature of its operations that entail supporting the charitable operations of its parent company Kenya Red Cross Society. The company has therefore not provided for tax in these financial statements.

28. 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).

29. Presentation currency

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

Edited and Designed by Humble Beginnings Ventures Ltd.

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