Voted Superbrands East Africa's Choice 2017-18

Emergency Medical Services

2017 ANNUAL REPORT

FULLY OWNED BY:

Kenya Red Cross

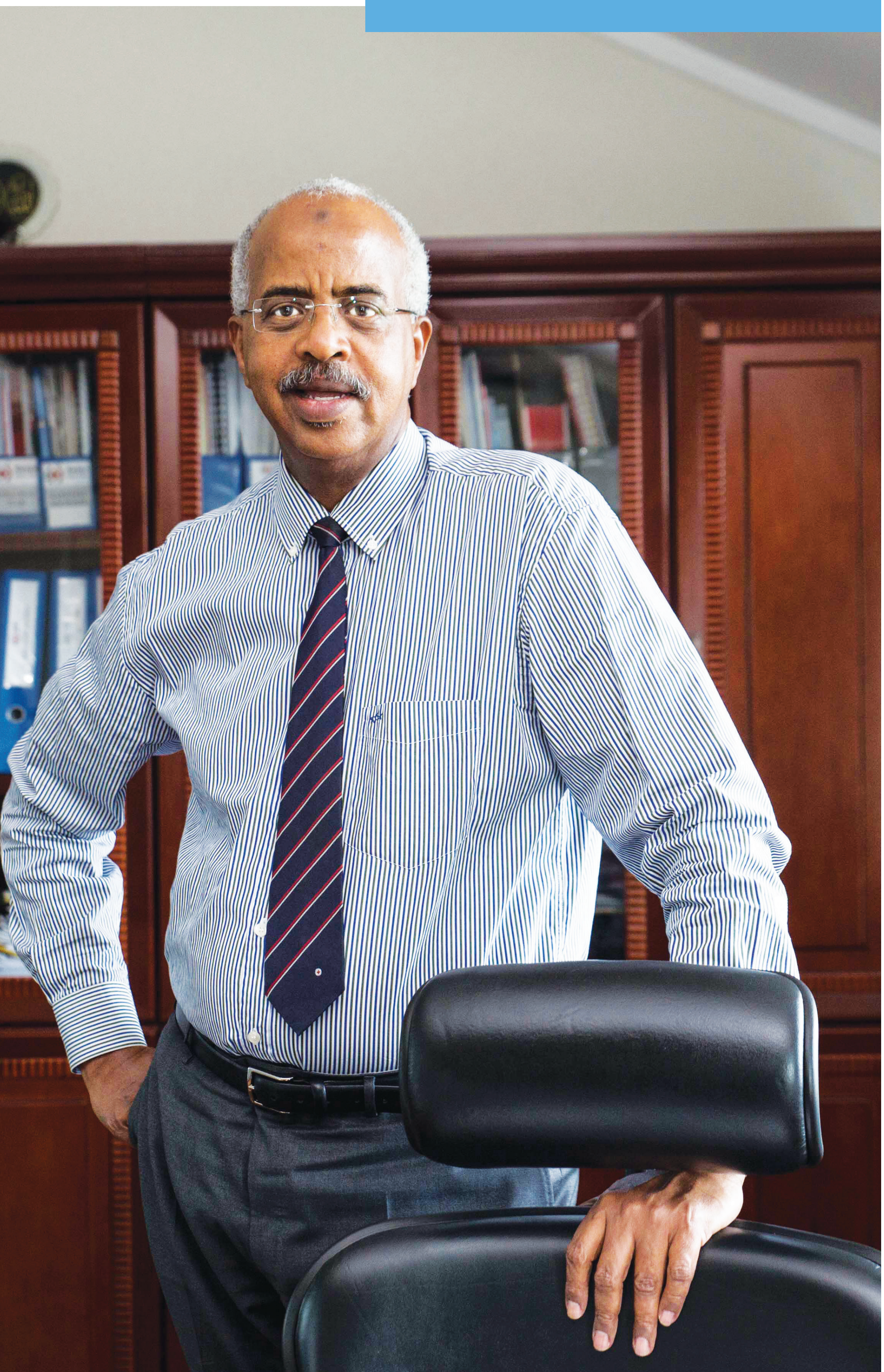
CONTENTS


OXYGEN

ACRONYMS

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

LETTER FROM THE CHAIRMAN



Given the challenging socio-economic environment that prevailed over much of 2017 and which resulted in a general decline in economic growth, it gives me tremendous pride to report that E-Plus faced the headwinds squarely and continued on a smooth trajectory.

Since inception on March 23, 2010, our 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.

With our revenues reaching KShs 1,031,786,828 and membership having grown by 302% since 2010, it is becoming increasingly impossible to imagine the Kenya health landscape without E-Plus. Besides our recent foray into air rescue services, our ambulance fleet has also grown from five in 2010 to 128 ambulances today. Our 298 staff work across the country and we are increasingly expanding our geographical reach across the country. With each year, our

Ensuring requisite governance and the highest ethical standards; supporting management in setting overall strategies and priorities; and seeking to unlock the evolving potential of E-Plus

aspirations to spread across our borders become more real. We will however proceed forward strategically and with prudence.

In my capacity as Chairman and together with my Board members, we continued through 2017 to focus our efforts on: ensuring requisite governance and the highest ethical standards; supporting management in setting overall strategies and priorities; and seeking to unlock the evolving potential of E-Plus while maintaining an eye for new opportunities. It is gratifying to report that we continued these efforts while also keeping a lid on gratuitous expenditure.

We have also been cognisant of the reality that we operate in an unregulated market and that some of the competition we face emanates from B players who place the lives of innocent Kenyans at risk. Rather than allow regulatory uncertainty to persist with its deleterious impact on patients, we continued to take the bull by the horns and to drive forward, the policy dialogue with the Ministry of Health. We are optimistic that these discussions will be concluded in 2018 and that they will result in cabinet papers that will streamline the activities of industry operators and lead to greater professionalisation across the board.

Having substantially strengthened our 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 have continued 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 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.

Dr. Abbas Gullet, MBS
Founder Chairman

STATEMENT FROM THE MANAGING DIRECTOR

Our mission to offer differentiated and high quality pre-hospital care remained intact and we enhanced our operational excellence and further expanded our strategic partnerships to deliver to our strategic goals.

As a branded, professionally equipped emergency medical services provider, in the eastern Africa region, E-Plus is uniquely positioned for further growth and greater impact. This reality was further demonstrated in 2017 as we leveraged the deep potential inherent in this business by expanding our revenues and deepening our outreach, despite macroeconomic circumstances that stalled the growth of various other organisations.

Our mission to offer differentiated and high quality pre-hospital care remained intact and we enhanced our operational excellence and further expanded our strategic partnerships to deliver to our strategic goals.

Currently we have 128 ambulances spread across the country's 47 counties. We formalised our relationships through signed Memoranda of Understandings (MOUs) that have made us fully operational in five counties; Bomet, Narok, Kakamega, Mandera and Garissa. Our aim within the next few years is to grow our outreach substantively and to have 47 MOUs in place such that, we are fully available where we are required.

As I look to our achievements in 2017, I wish to highlight the following:

- First, we realised revenues of KShs 1,031,786,828 and profits of KShs 290,000,000. This is commendable and is approximately double the revenues of KShs 556,036,475 achieved in 2016. When we compare the quantum of revenues in 2017 to the KShs 41,985,141 realised in 2010, which was the first year of operation, it is clear that we have made remarkable progress in a few short years. Our revenues are largely drawn from membership subscriptions; outsourcing of ambulance services, sales of First Aid kits; health training interventions; air evacuations; and events coverage. While we broaden our perspective and seek additional streams of income, we appreciate that more value can be drawn from each of these revenue streams.
- Second, it is worth noting that we are inching closer to owning and operating our own aircrafts. Since February 2016 when we first entered the air evacuation space, we have now expanded and closed on agreements with two service providers, Bluebird Aviation and Reliance Air Services Ltd. Through the arrangements with these partners we are able to mobilise within 30 minutes and have done over 30 air evacuations.
- Third, our focus on reducing operational costs and doing so by engaging our staff to take responsibility in the eradication of wastage was quite successful. Staff made cogent cost reduction recommendations and contributions enabling us make savings in three major areas: night out and overtime claims; use of locums and vehicle maintenance costs that did not rise as has been the case in the past with year on year escalations. We also continued to engender a culture of responsibility, cohesiveness, greater trust and accountability and it is worth noting that the number of disciplinary cases went down from an average of 20 per month to zero in Quarter 4 2017.
- Another area of satisfaction is in the outlays we made as we efficientised our operations through technology up-grades. The investments we made in the customer relationship management (CRM) and in improving the enterprise resource planning (ERP), as well as other IT systems stood us in good stead. We are better able to track our metrics, maintain and mine our customer data analytics and strengthen social media outreach as well as more consistently communicate with customers. In terms of quality improvement, we are working towards the ISO 9001:2015 Certification. We are on track to obtain the ISO 9001:2015 certification in April 2018. During the year under review, we also achieved the Superbrands 2017/2018 and are currently the only emergency medical services provider with this award.
- Lastly, under our scorecard on learning and growth where we seek to prioritise on-going development of our staff, we invested deeply in on-the-job training activities that

were conducted weekly and premised on a diversity of clinical experiences. Over 70% of staff underwent mixed training, the impact of which was clearly demonstrated by the reduction in client complaints.

We are only as good as the capacity and capability of our manpower and it is imperative that we find the best talents. An on-going challenge is identifying and persuading qualified men and women to work in difficult regions. We must continue to solidify a resonating employment brand and offer an employee value proposition that attracts, engages and retains talented and committed staff.

Second, in the conduct of our work, we sometimes face unforeseen as well as unfortunate setbacks. One such incident involved an encounter with terrorist activities in North Eastern Kenya and led to the destruction of an ambulance. The damage caused was unfortunate. Another example of the challenges we face occurred in the conduct of *pro bono* humanitarian relief when our Mandera based crew who had rescued a patient on the roadside and transferred them to the nearest facility in to Wajir were detained for over 24 hours.

The challenges are not insurmountable and we must remain vigilant.

As I look to 2018, I am optimistic.

- It is our intention to expand regionally and we are keenly looking at Uganda, Rwanda and Burundi. We will pace our geographic expansion and only strike when the time and circumstances are right.
- We seek to aggressively build trauma centres that will effectively and expeditiously provide post-crash care

We are only as good as the capacity and capability of our man-power and it is imperative that we find the best talents... We must continue to solidify a resonating employment brand and offer an employee value proposition that attracts, engages and retains talented and committed staff.

and other emergency needs. In line with our differentiated brand, our trauma centers have to be requisitely equipped to the highest standards possible.

- We are keen to professionalise the ecosystem in which we work. To this end we have partnered with the government and other players on formulating a policy on emergency medical services. This policy will regulate the market and mitigate unnecessary malpractices. It will also allow us to introduce and engender best practices in the sector. It is our hope that the Cabinet will ratify this policy in 2018.

E-Plus is coming of age.

In the following pages, you will read further about the achievements over the last year. You will also meet some of our staff who have made our achievements possible.

Susan Ng'ong'a
Managing Director

BOARD DIRECTORS

DR. ABBAS GULLET (MBS)

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

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

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

MARY MAINGI

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

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

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

MR. PAUL E.O. GONDI

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

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

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

SUSAN NG'ONG'A

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

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

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

MR PATRICK M MUNGAI

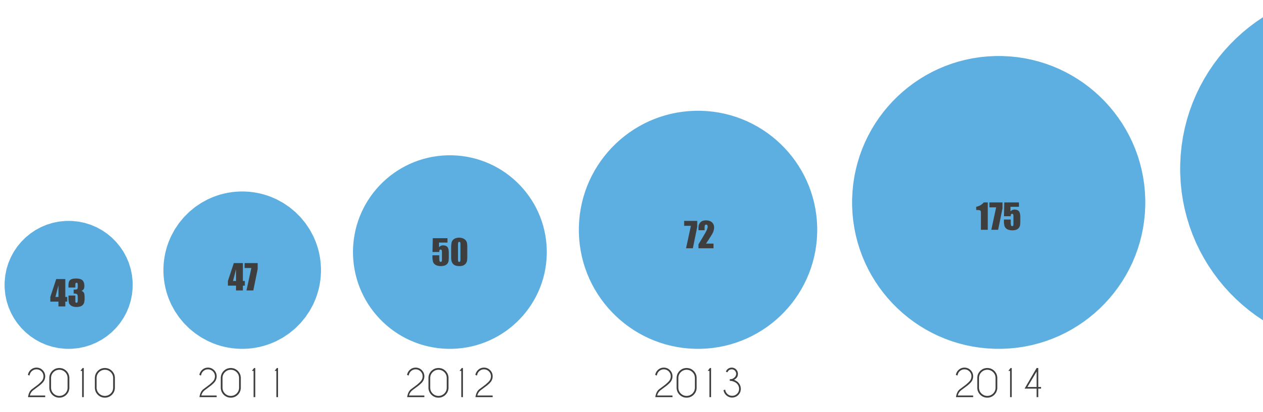
Mr. Patrick M. Mungai was appointed as a member of the board in July 2014.

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

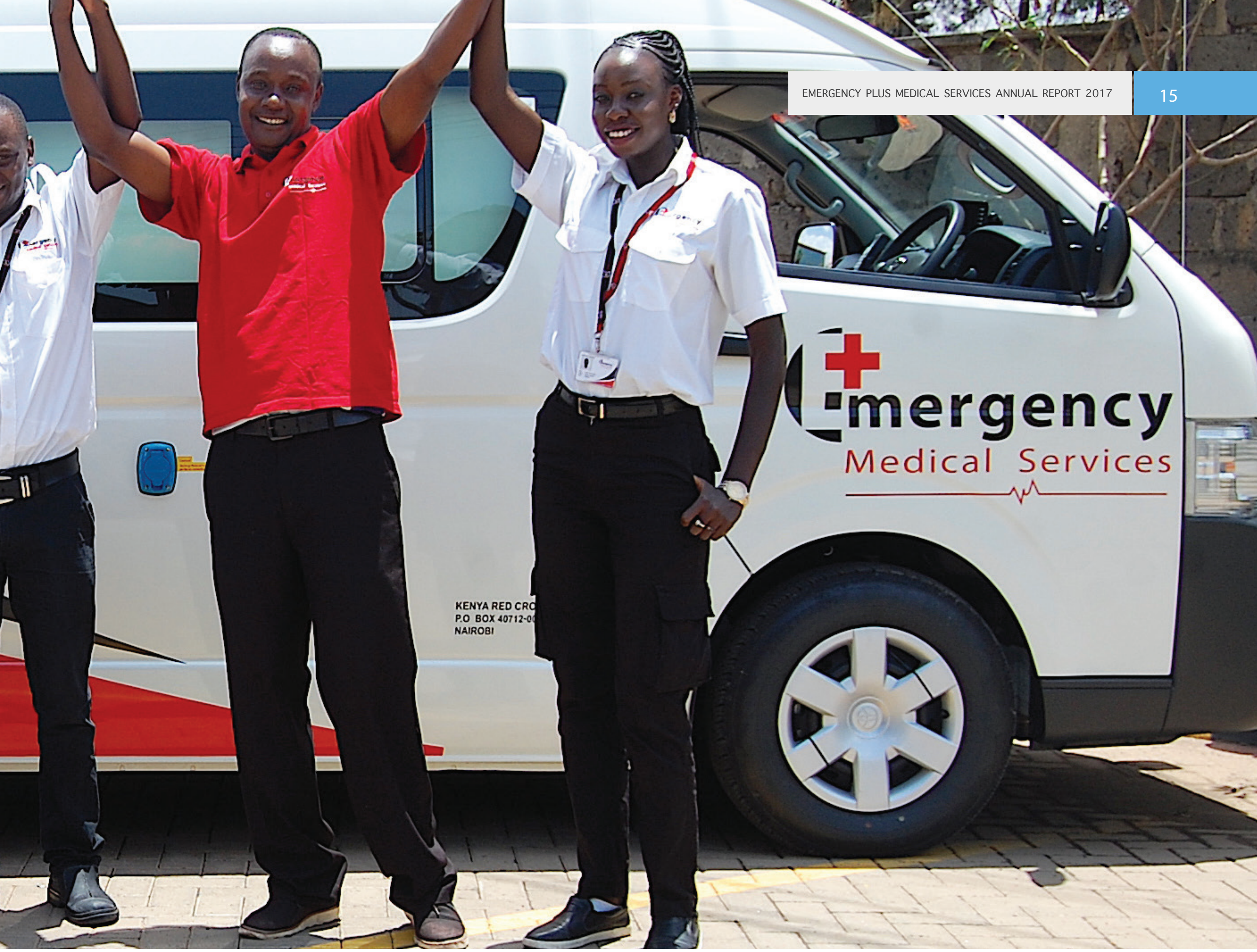
Mr. Mungai also serves on the KRCS National Executive Committee (NEC) where he has been the Chairperson of the Development Committee for the past 12 years.

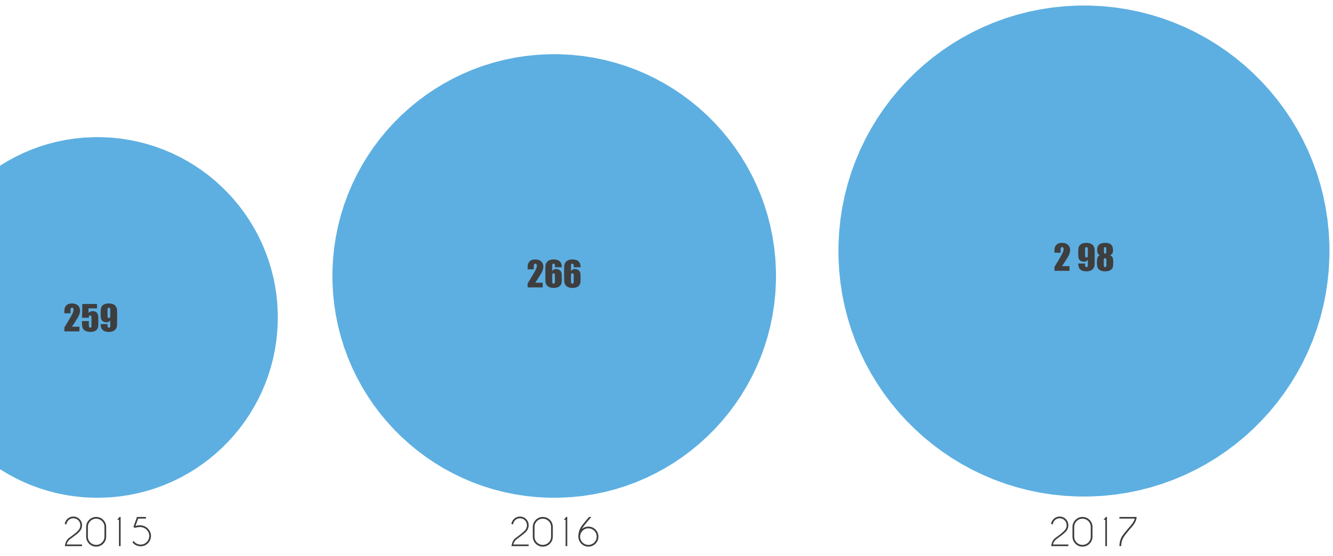
The KRCS awarded Mr. Mungai an award for his long and outstanding service to humanity after 22 years.

GROWTH OF STAFF NUMBERS OVER TIME



Always mobilised to deliver


Emergency
Medical Services
NAIROBI


259
266
2 98
2015
2016
2017

OUR WORK

1. MEDICAL OPERATIONS

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

Four supervisors head the sub-units:

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

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

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

Treatment and Stabilisation

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

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

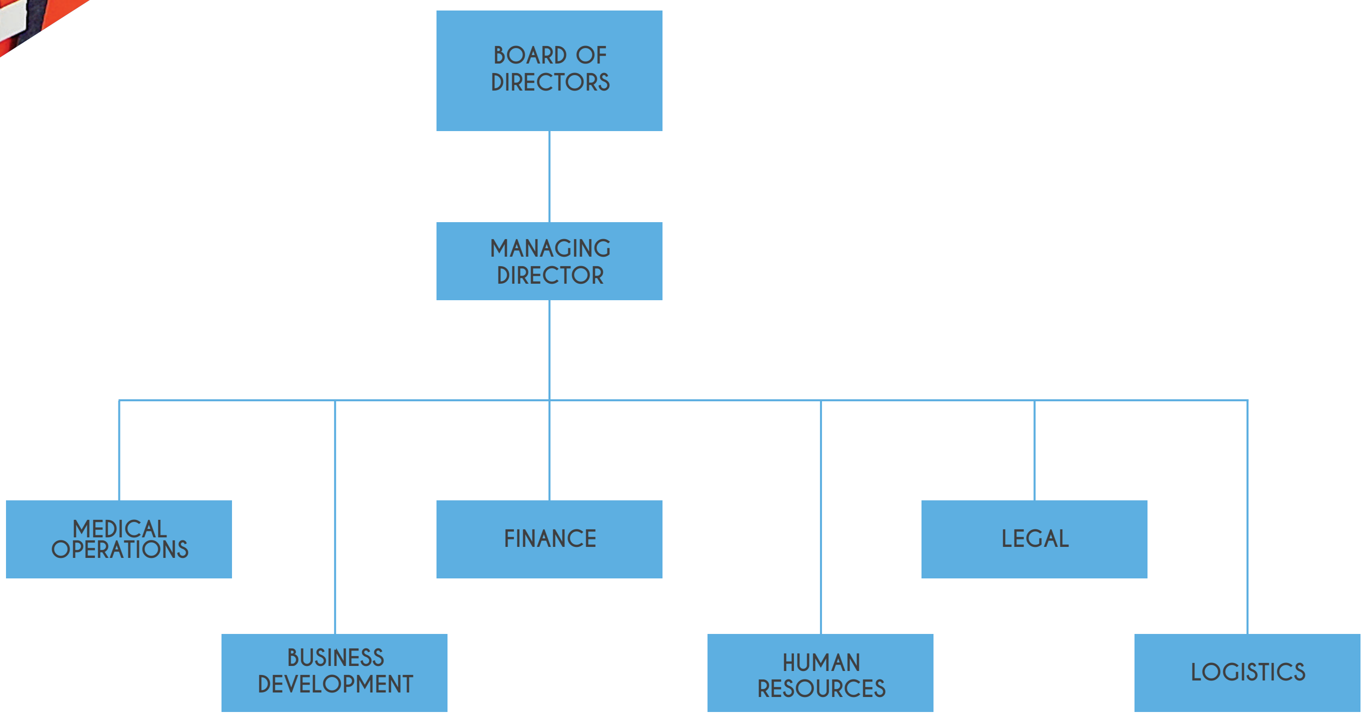
Every vehicle in the fleet operates as a mobile intensive care unit, designed specifically to resuscitate, sustain and monitor patients whether they are critically ill or injured. The ALS ambulances are also equipped with advanced technological equipment and supplies for all advanced life support situations

2. BUSINESS DEVELOPMENT

Business Development focuses on:

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

ORGANISATIONAL STRUCTURE



OUR PRODUCTS AND SERVICES

1. AMBULANCE MEMBERSHIP

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

Benefits

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

2. EVENT COVERAGE

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

Benefits

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

3. FIRST AID KITS

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

OUR HISTORY

INTRODUCTION

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

The company has 298 highly skilled frontline health professionals who, coupled with over 80,000 community volunteers and other key health and emergency service partners, play a critical role in the provision of emergency health care to Kenyans in need.

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

2006

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

2009

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

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

2010

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

2016

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

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

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

OUR MISSION, VISION AND VALUES

Our 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.

Our Vision

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

OUR CORE VALUES

Integrity

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

Teamwork

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

Professional Excellence

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

OUR BUSINESS

KEY PARTNERS

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

KEY ACTIVITIES

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

KEY RESOURCES

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

E-PLUS CORE SERVICES

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

COST STRUCTURE:

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

MODEL CANVAS

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

VALUE PROPOSITION

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

CUSTOMER RELATIONSHIP

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

CHANNELS

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

CUSTOMER SEGMENTS

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

REVENUE STREAMS

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

QUALITY PRIORITIES

IMPROVE PATIENT CARE

Rationale: To reduce morbidity and mortality of patients

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

IMPROVE PERSONNEL PERFORMANCE

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

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

REDUCE RESPONSE TIMES

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

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

STRATEGIC PRIORITIES

Operational Excellence

Enhanced quality of service and customer experience

Pre-Hospital Care Excellence

Reduced morbidity and mortality in transit

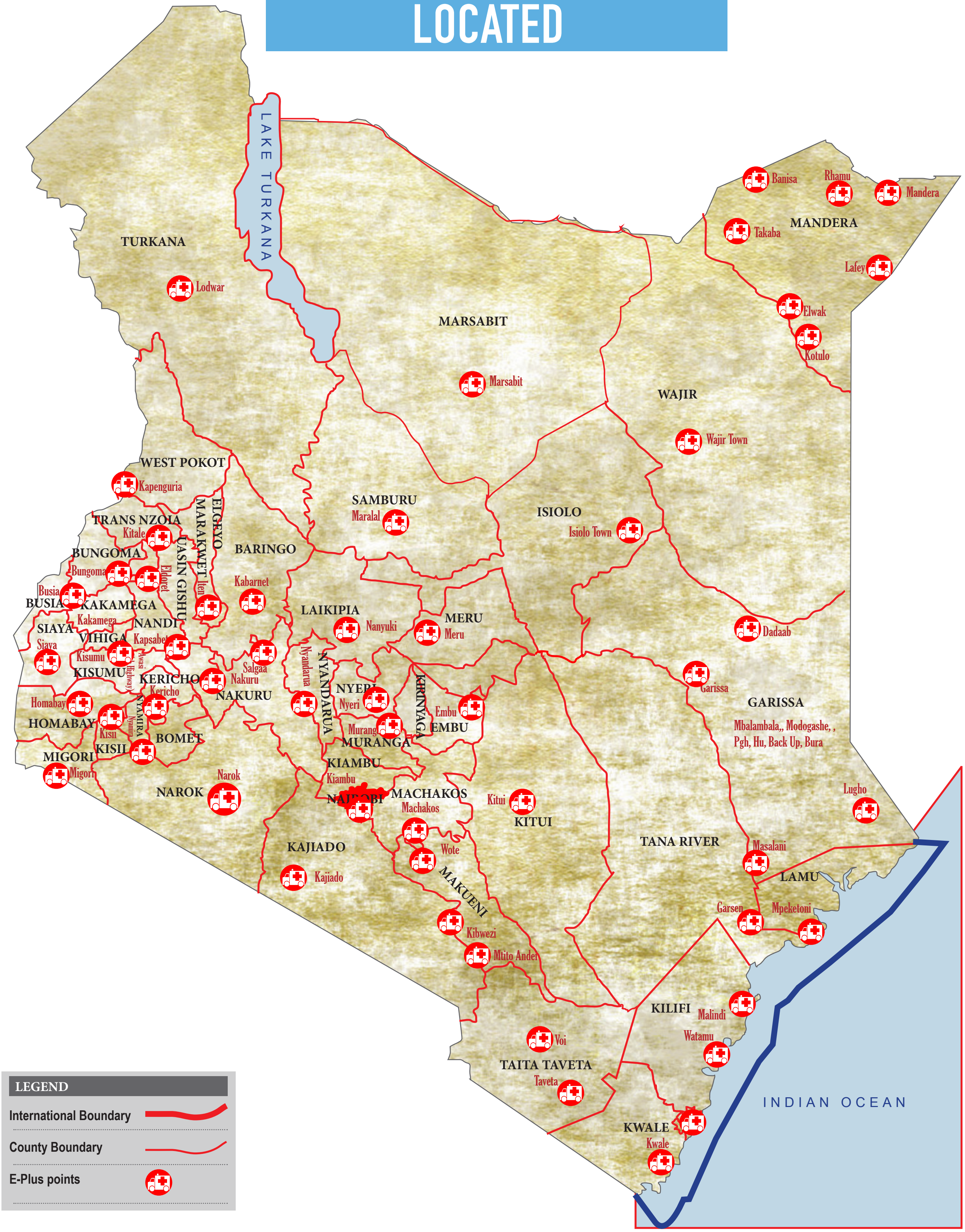
Strategic Partnerships

Improved collaboration and support from strategic partners

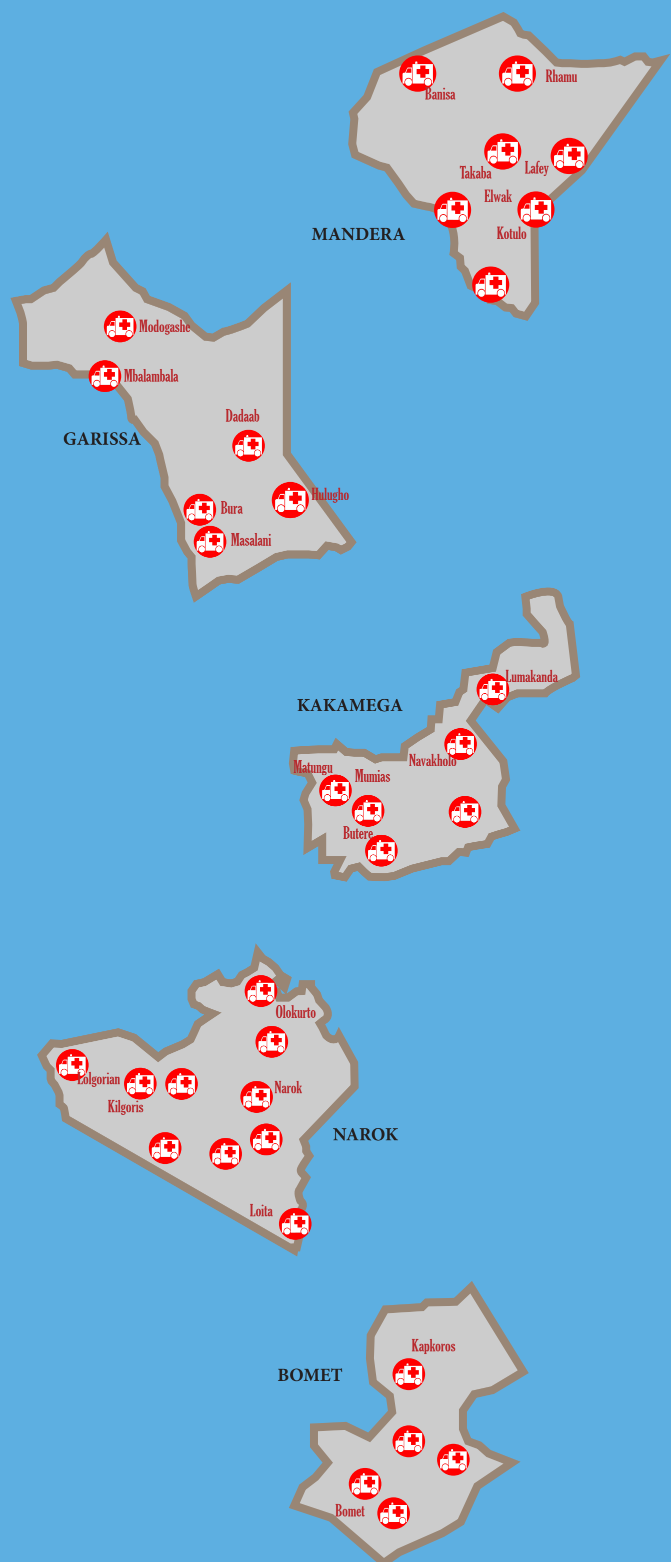
Financial Sustainability

Increased revenue and shareholder value

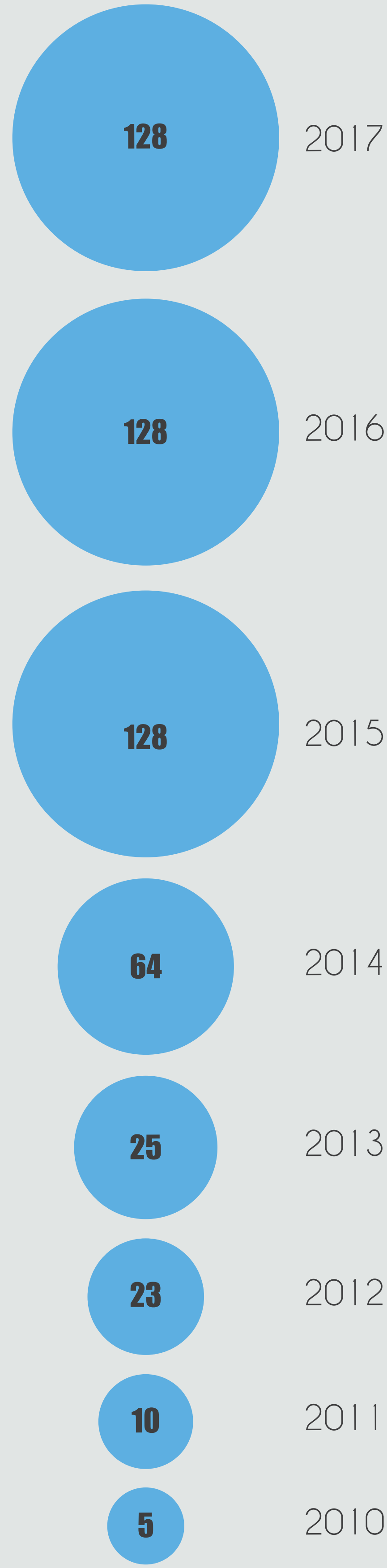
WHERE OUR AMBULANCES ARE LOCATED



MOUs WITH FIVE COUNTIES



FLEET GROWTH



2017 IN REVIEW

2017 ACHIEVEMENTS

In 2017, E-Plus made great strides towards leveraging the potential of the business in a bid to increase revenue, expand our outreach, and receive recognition within the East Africa Region.

Customer Relationship Management (CRM) System

The customer relationship management (CRM) system was implemented from 1st June 2017 and has enabled E-Plus to become more efficient as it captures several facets of activities and items. The system allows the organisation, automation, and synchronisation of every facet of customer interaction. The medical dispatchers can also confirm and validate members from the system before offering evacuation services. The system captures call summaries including regional, counties and NHIF calls making it more efficient to generate reports as per the client's requirement. Staff per diems, overtimes and locums attached to a call are also captured thus reducing on data entry time. The relevant reports are generated at the end of the month for payroll processing. CRM also captures all booked events making it easier to track those covered in a particular period and the revenue generated. The system also tracks the benefits packages for ambulances on standby such as for school and retainer clients which are cabbed to a number of calls.

ISO Certification and Recognition

The process of developing and implementing quality improvement (QI) plans in pursuit of ISO certification is also underway with E-Plus destined to become the 1st ISO certified ambulance service provider in the region. E-Plus also received recognition from Superbrands after debuting at position 17 nationally. This recognition confirmed that E-Plus is on its way towards becoming a solid brand in East Africa.

Preferred Ambulance Provider

E-Plus is increasingly becoming the preferred ambulance provider for notable events. In 2017, we provided ambulance coverage for 557 events. Some of the events include; the World Under 18 Athletics Championships Nairobi 2017, IGAD Heads of State Summit in Nairobi, Safaricom's Chapa Dimba na Safaricom football. Others included; the East African Safari Classic Rally and the IAAF Under 18 World Championship in June 2017 where 12 ambulances were provided for the seven-day event. We were also honoured to provide ambulance service during the presidential inauguration held on 26th November 2017 at Kasarani Stadium.

"Saving lives is my passion as it gives me great pleasure to know that I played a role towards making a difference in someone's life, particularly during their most vulnerable moment. I enjoy being part of a team and adding value to ensure the growth of E-Plus."

ALVINA BRAUHAUSER
Dispatch Supervisor
Central Command Centre, Nairobi
Joined E-Plus in 2010

2017 STRATEGIC ACT

Working Agreements

Partnerships continued to be a key ingredient as E-Plus seeks strategic expansion of its presence countrywide in line with the market demands. E-Plus ventured into new partnerships with Tullow Oil, which is an oil and gas exploration company as we continued to diligently service the working agreements with five country governments. We also encouraged more subscriptions with National Transport and Safety Authority (NTSA) and public service vehicle (PSV) owners in accordance with the revised NTSA Act, 2012.

The implementation of the National Health Insurance Fund (NIHF) National Scheme cover commenced in May 2017 for coverage of 1.75 million principal members.

"Last year, I responded to a dispatch to transfer a mother with fetal distress from a local health centre but she ended up delivering her twin babies in the ambulance. I felt really appreciated when the mother named the newborns after my paramedic and I. This is the reason that saving lives gives me great satisfaction."

ZENITH RANDA
Ambulance Operator, Narok
Joined E-Plus in 2014

Services and Products

E-Plus increased the number of products and services to include; home-based care, medical taxis, and medical escorts. Besides launching a new state-of-the-art medical dispatch centre, E-Plus also constructed a staff lounge and sluice room as part of the implementation of the company's infection control policy. E-Plus now boasts 99% compliance to Infection Prevention and Control (IPC) guidelines as per the current World Health Organisation (WHO) guidelines on IPC. In 2017, E-Plus also registered the highest number of serviced calls at 32,194 and evacuated 17,706 patients in all.

Training

E-Plus conducted mass casualty incidents (MCI) awareness training for event managers. The training focused on safety measures and procedures to help them during organisation of events and also guide them on steps to be taken during emergencies. E-Plus also strengthened mentorship through increased interaction with staff, learning from external facilitators, inspects and inquiries.

Technology

The operationalisation of the E-Plus menu on the KRCS Mobile App enabled customers to signup for membership and purchase First Aid kits.

IVITIES AND HIGHLIGHTS

ISO certification process is underway with E-Plus expected to be the 1st ISO certified ambulance service provider in the region.

99% compliance to IPC (Infection Prevention and Control)

"What I do is a calling and E-Plus has provided me with a platform to practice my life saving skills. I look forward to getting more training opportunities for myself and my crew so that we can continue to improve our skills."

HEZRON ONKOBA
Paramedic/Team Leader, Bomet
Joined E-Plus in 2015

17,706 EVACUATED

32,194 SERVICED CALLS

1.75 Million
principal members

Constructed a staff lounge and sluice room as part of the implementation of the company's infection control policy

Increased E-Plus products and services to include; home-based care, medical taxis, and medical escorts

Coverage for 557 events

E-Plus launched a new state-of-the-art medical dispatch centre within the logistics centre

Partnered with automobile industry and supermarkets on sale of First Aid kits

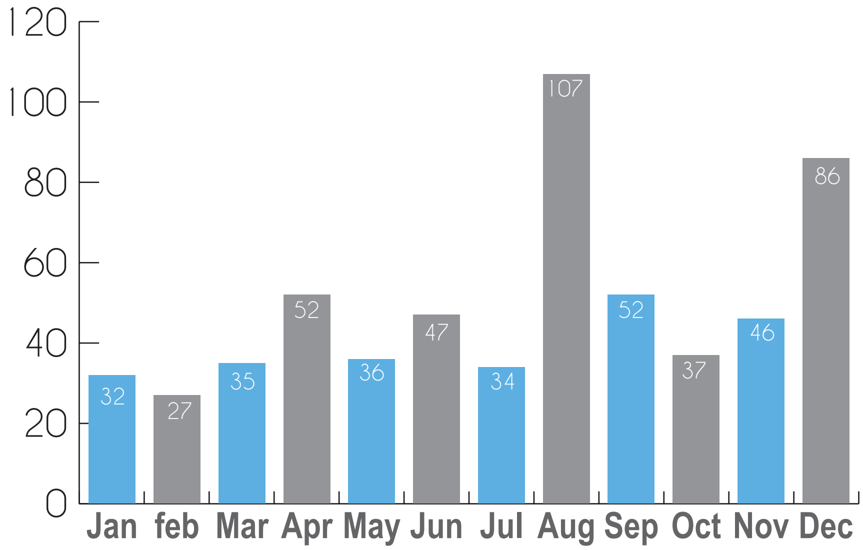
"In October 2017, I received a call to evacuate a group of young people with multiple gunshot wounds including one who was being resuscitated in the theatre. We mobilised a team and succeeded with airlifting the patients from Kakuma to Moi Teaching and Referral Hospital in Eldoret for further treatment. Knowing that we had saved these young lives through our swift action was most fulfilling. I have a job that I love, I can only do my best until I know better. Then when I know better, I will do even better"

DR. MUTHONI NTONJIRA

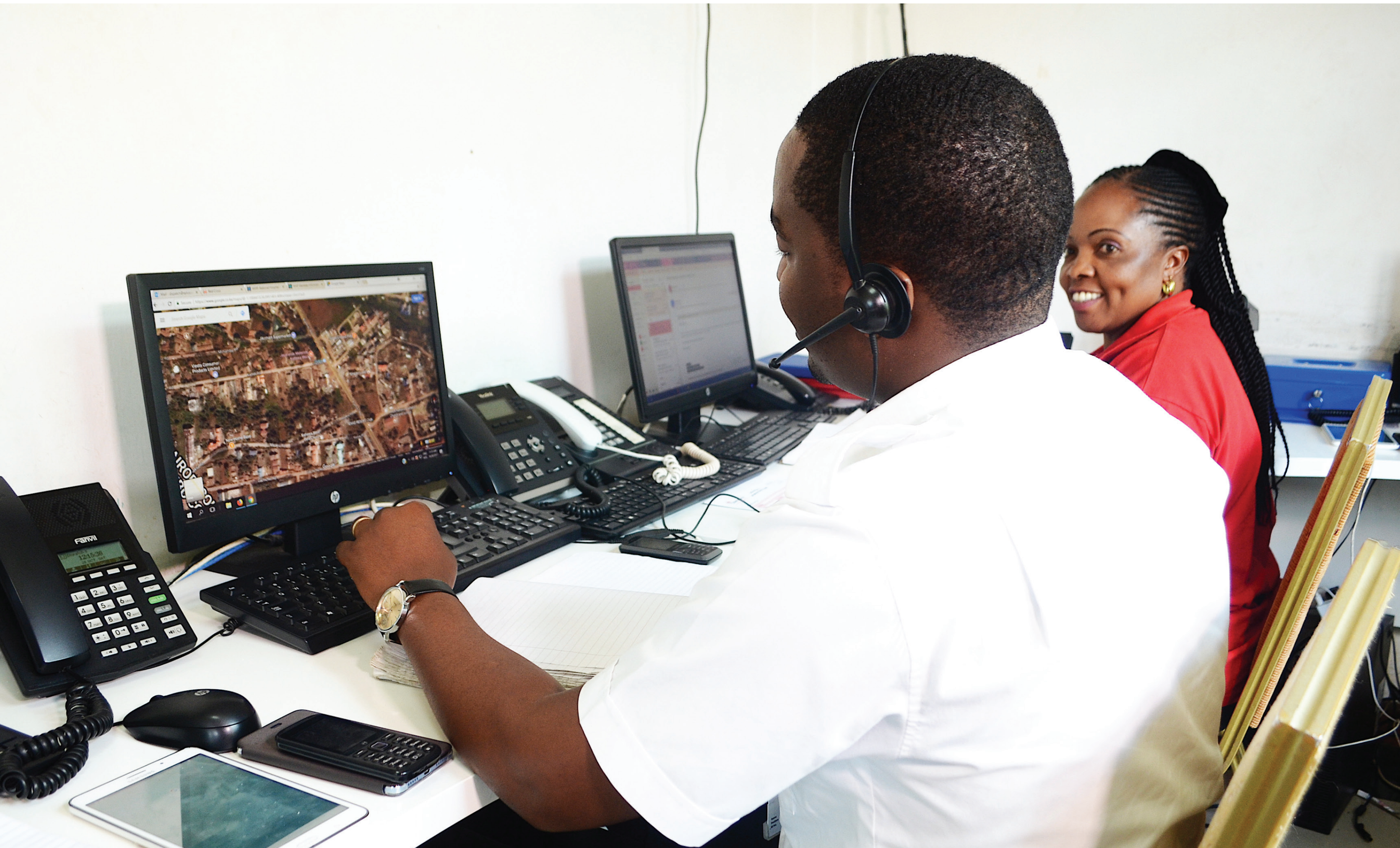
Medical Director, Nairobi

Joined E-Plus in 2015

CSR CALLS



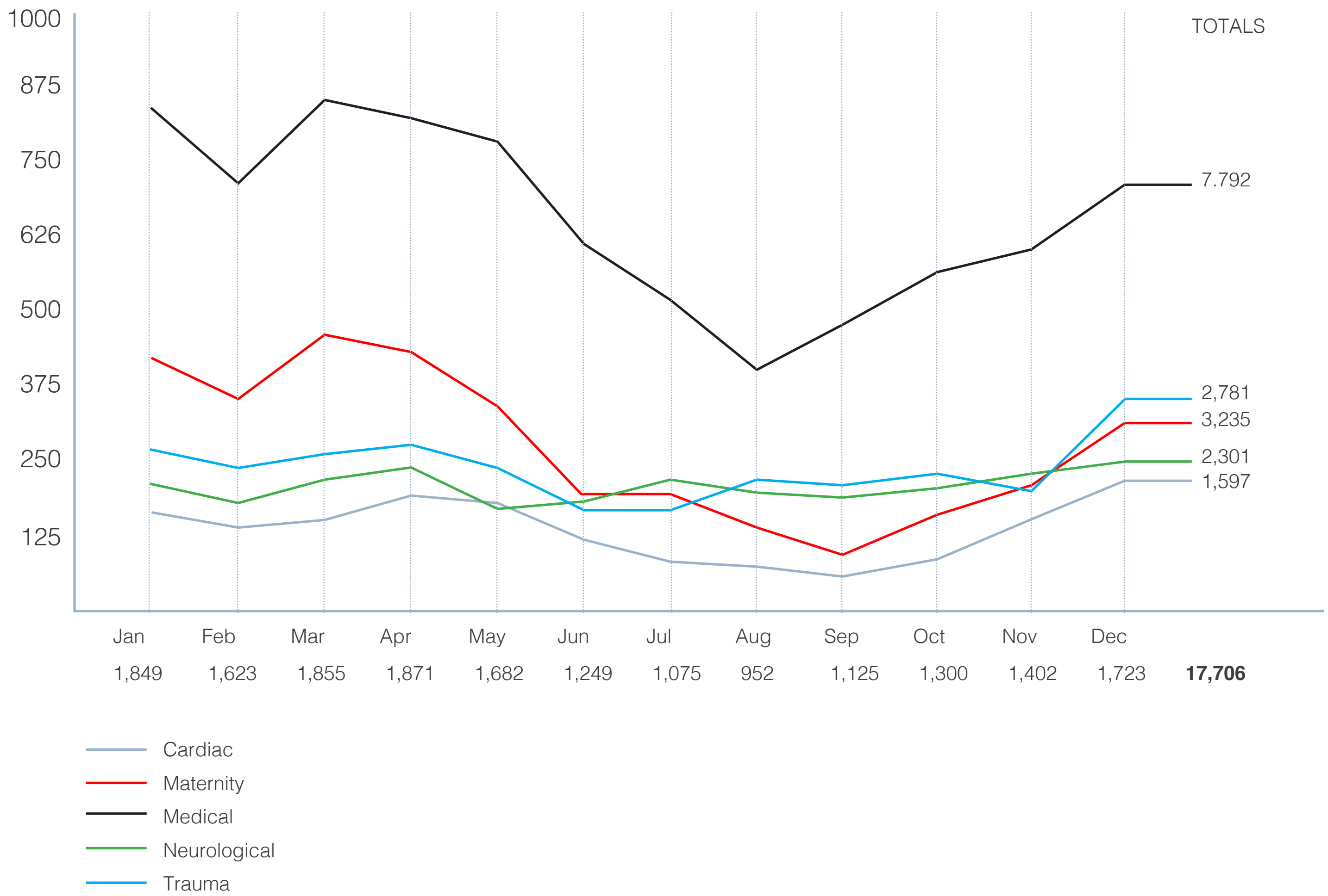
591
CSR CALLS



DIAGNOSIS PROFILE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Dec	Dec	TOTAL
Cardiac	157	128	129	165	146	124	114	108	96	117	137	176	1,597
Maternity	399	361	420	402	326	158	127	84	176	187	263	332	3,235
Medical	817	733	843	820	768	624	515	366	470	583	568	685	7,792
Neurological	221	158	210	220	207	165	159	153	174	174	210	250	2,301
Trauma	255	243	253	264	235	178	160	241	209	239	224	280	2,781
Total	**1,849**	**1,623**	**1,855**	**1,871**	**1,682**	**1,249**	**1,075**	**952**	**1,125**	**1,300**	**1,402**	**1,723**	**17,706**

DIAGNOSIS PROFILE OVERVIEW



COUNTY CALLS COVERAGE

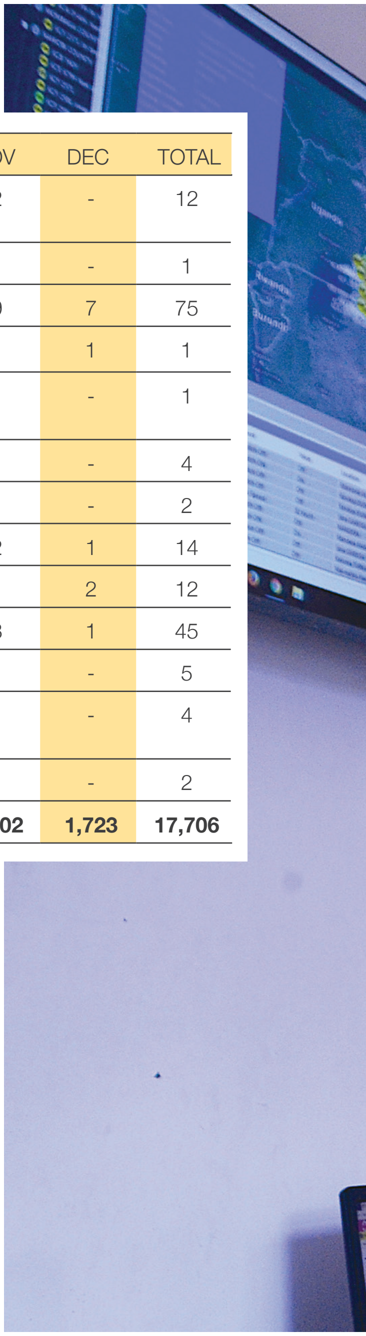
LOCATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
BARINGO	-	-	-	-	-	13	-	3	4	5	7	2	34
BOMET	242	158	188	168	175	198	147	-	167	187	171	217	2,018
BONDO	-	-	-	-	-	-	-	2	2	2	-	1	7
BUNGOMA	10	15	13	13	12	2	12	3	8	2	12	13	115
BUSIA	5	6	4	12	13	6	12	7	2	7	2	6	82
DADAAB	207	170	171	124	111	71	11	15	19	27	-	-	926
ELDORET	2	2	3	3	4	4	5	4	2	7	1	3	40
EMBU	8	6	4	2	5	1	1	4	1	-	2	5	39
GARISSA	107	114	96	119	95	70	31	27	9	196	105	132	1,101
GARSEN	3	5	5	3	-	3	4	2	2	3	6	3	39
HOLA	-	1	1	1	-	-	-	1	-	-	1	-	5
HOMABAY	-	5	4	4	3	5	4	21	4	6	6	6	68
ISIOLO	6	5	3	4	3	3	4	3	6	7	7	4	55
ITEN	-	-	-	-	-	5	1	2	2	1	-	2	13
KABARNET	-	-	-	-	-	2	2	2	2	1	3	7	19
KAJIADO	-	1	-	1	-	-	2	2	-	1	1	1	9
KAKAME-GA	431	392	494	635	520	188	126	176	174	89	398	493	4,116
KAPEN-GURIA	-	-	-	-	-	-	2	1	-	2	-	-	5
KAPLONG	-	-	-	-	-	-	-	-	-	-	1	-	1
KAPSABET	-	-	-	-	-	-	2	3	2	9	11	16	43
KENDUBAY	-	-	-	-	-	-	-	2	-	-	-	-	2
KERICHO	1	-	1	1	1	1	1	2	1	1	1	11	22
KERUGOYA	-	-	-	-	-	-	1	-	-	-	-	-	1
KIAMBU	-	-	-	-	-	-	4	6	1	4	5	7	27
KIBWEZI	1	-	-	1	-	1	2	1	1	-	2	1	10
KIJABE	-	-	-	1	-	-	-	-	-	-	-	-	1
KILIFI	3	1	1	1	-	2	5	6	4	1	5	1	30
KINANGOP	1	-	-	-	-	-	2	1	-	-	-	-	4
KISII	-	-	-	1	-	9	1	11	10	14	10	18	74
KISUMU	16	20	17	26	33	22	23	34	24	34	19	19	287
KITALE	1	1	1	-	1	-	-	2	3	1	-	-	10
KITUI	-	-	-	1	-	3	3	5	1	2	1	2	18
KWALE	-	1	1	2	1	1	-	-	5	1	2	3	17
LAISAMIS	-	-	1	-	-	-	-	-	-	-	1	-	2
LAMU	-	-	-	2	-	3	3	2	-	-	1	1	12

COUNTY CALLS COVERAGE (Cont.)

LOCATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
LODWAR	-	2	1	-	3	2	-	-	-	-	2	2	12
MACHA-KOS	1	1	3	4	2	2	9	12	4	9	7	4	58
MAKINDU	-	-	2	-	2	1	1	-	-	1	-	-	7
MAKUENI	-	1	-	-	-	4	6	-	-	-	-	-	11
MALINDI	1	1	3	3	-	1	3	4	4	7	4	5	36
MANDERA	97	88	96	112	25	3	1	12	75	94	91	107	801
MARALAL	1	-	-	-	-	-	-	-	1	1	3	2	8
MARSABIT	4	5	6	3	9	9	7	18	4	3	-	3	71
MATUU	-	-	-	-	-	-	-	1	1	-	1	-	3
MBITA	-	-	1	-	-	-	-	-	1	-	-	1	3
MERU	1	1	-	1	1	7	5	13	7	6	10	5	57
MIGORI	-	-	-	1	-	3	1	-	7	2	6	5	25
MOMBASA	34	36	40	36	40	51	40	37	35	44	33	41	467
MOYALE	1	-	-	-	-	2	2	1	1	3	4	2	16
MTITO ADEI	-	3	1	-	-	-	-	1	-	-	-	-	5
MUMIAS	1	-	-	-	-	-	-	-	-	-	-	-	1
MURANGA	-	-	-	1	-	1	2	-	8	6	5	2	25
MWEA	1	-	-	-	-	-	-	-	-	-	-	1	2
MWINGI		4	-	-	-	-	-	1	-	-	-	-	5
NAIROBI	324	298	336	275	301	289	316	271	278	300	280	264	3,532
NAIVASHA	5	1	2	6	2	3	-	3	3	6	1	2	34
NAKURU	11	7	7	7	8	12	6	1	3	14	7	9	92
NANDI	-	-	-	-	-	-	-	-	1	1	1	-	3
NANYUKI	-	-	-	-	1	-	-	1	-	5	5	2	14
NAROK	307	260	324	282	291	222	232	188	203	168	133	260	2,870
NYAHURU-RU	1	-	5	2	3	5	6	5	3	2	3	4	39
NYAMIRA	-	-	-	-	-	-	-	-	-	-	-	1	1
NYAN-DARUA	-	-	3	-	-	2	-	-	1	-	-	1	7
NYANZA	-	-	-	-	-	-	-	-	-	1	-	-	1
NYERI	2	-	1	-	-	1	4	2	4	3	3	6	26
OLKALAU	-	-	-	-	1	-	-	-	-	-	-	-	1
SAMBURU	1	-	-	-	-	2	-	-	4	3	5	4	19
SIAYA	-	-	-	-	1	3	-	7	3	4	1	4	23
SUBUKIA	-	-	-	-	-	-	-	1	-	-	-	-	1

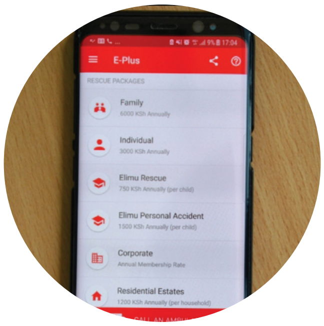
COUNTY CALLS COVERAGE (Cont.)

LOCATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TAITA TAVETA	2	-	3	2	1	-	1	1	-	-	2	-	12
TENWEK	-	-	-	-	-	-	1	-	-	-	-	-	1
THIKA	2	5	6	5	5	2	12	13	5	4	9	7	75
TRANSZOIA	-	-	-	-	-	-	-	-	-	-	-	1	1
UASINGI-CHU	-	-	-	-	-	-	-	1	-	-	-	-	1
UKUNDA	-	-	-	-	-	-	-	-	4	-	-	-	4
VIHIGA	-	-	-	-	-	-	1	1	-	-	-	-	2
VOI	-	-	-	-	2	3	1	2	3	-	2	1	14
WAJIR	-	1	-	1	2	2	2	-	1	1	-	2	12
WATAMU	8	6	7	5	-	1	4	3	5	2	3	1	45
WEBUYE	-	-	-	-	5	-	-	-	-	-	-	-	5
WEST POKOT	-	-	-	-	-	3	1	-	-	-	-	-	4
WITU	-	-	-	-	-	-	-	2	-	-	-	-	2
TOTAL	**1,849**	**1,623**	**1,855**	**1,871**	**1,682**	**1,249**	**1,075**	**952**	**1,125**	**1,300**	**1,402**	**1,723**	**17,706**



THE YEAR AHEAD

2018 PRIORITIES



1. Enhance utilisation of various technologies to engage E-Plus client base
2. Increase strategic partnerships agreements to grow the E-Plus brand and influence
3. Increase customer engagements to identify opportunities that can be maximised
4. Customise products to suit unique clients needs
5. Leverage our vast network


180
200
220
240
260
280
300
20
40
SPENCER

FINANCIAL STATEMENTS

EMERGENCY PLUS MEDICAL SERVICES LIMITED

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

EMERGENCY PLUS MEDICAL SERVICES LIMITED

(A company limited by guarantee)
Annual report and financial statements
For the year ended 31 December 2017

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dr. Abbas Gullet
	:	Ms. Mary Maingi
	:	Mr. Paul Edward Odhiambo Gondi
	:	Mr. Patrick Mwangi Mungai
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
	:	Certified Public Accountants
	:	P.O. Box 14077, 00800
	:	NAIROBI
COMPANY SECRETARY	:	Victoria Nthenya Muya
	:	Certified Public Secretary
	:	P.O. Box 28896, 00100
	:	NAIROBI
PRINCIPAL BANKERS	:	National Bank of Kenya Limited
	:	NAIROBI
PARENT	:	Kenya Red Cross Society
	:	KENYA

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31December 2017, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

During the year 2017 the total turnover of the company increased from Shs. 558,956,664 in 2016 to Shs. 1,013,438,355. This was mainly attributed to a new contract signed during the year. The profit before tax increased from a loss of Shs. 63,008,375 to a profit of Shs. 104,198,626 reflecting the effects revenue from the new contract.

As at 31 December 2017, the net asset position of the company was Shs. 92,973,141 compared to net liability of Shs 11,225,485 as at 31 December 2016.

Key performance indicators	2017	2016
Turnover (Shs)	1,013,438,355	558,956,664
Gross profit (Shs)	530,311,653	105,810,111
Gross profit margin (%)	52	19
Profit/(loss) for the year (Shs)	104,198,626	(63,008,375
Net assets/liabilities (Shs)	92,973,141	(11,225,485)
Return on capital employed (%)	207	(237)

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the company's products and services. The company's strategic focus is to enhance sales growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions.

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

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2016: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 50.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

REPORT OF THE DIRECTORS (CONTINUED)

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) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

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

The agreed auditor's remuneration of Shs. 600,000 has been charged to profit or loss in the year.

BY ORDER OF THE BOARD

____

DIRECTOR
NAIROBI

11th APRIL 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2017 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

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

The directors acknowledge that the independent audit of the financial statements does not relieve

them of their responsibilities.

Approved by the board of directors on 11th APRIL 2018 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 28, which comprise the statement of financial position as at 31 December 2017, statement of profit or loss, statement of changes in funds, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Emergency Plus Medical Services Limited as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors, statement of directors' responsibilities and the schedule of other expenditure but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Report on other matters prescribed by the Kenyan Companies Act

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other matters prescribed by the Kenyan Companies Act

In our opinion the information given in the report of the directors on pages 51 and 52 are consistent with the financial statements.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Salim Alibhai - P/No. 2151.

PwC_Kenya

Certified Public Accountants
NAIROBI

12th APRIL ____________________2017

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STATEMENT OF PROFIT OR LOSS

	Notes	2017 Shs	2016 Shs
Revenue	2	1,013,438,355	558,956,664
Cost of sales		(483,126,702)	(453,146,553)
Gross profit		530,311,653	105,810,111
Other operating income	3	18,348,473	7,079,811
Selling and marketing expenses		(76,214,069)	(7,560,304)
Administrative expenses		(255,511,611)	(109,755,272)
Other operating expenses		(24,189,462)	(22,151,173)
Operating profit/(loss)	4	192,744,984	(26,576,827)
Finance costs	6	(31,832,031)	(43,204,178)
Profit/(loss) before tax		160,912,953	(69,781,005)
Tax	7	(56,714,327)	6,772,630
Profit/(loss) for the year		104,198,626	(63,008,375)

The notes on pages 62 to 89 form an integral part of these financial statements.

Report of the independent auditor - pages 54 to 56.

STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2017	2016
	Notes	Shs	Shs
CAPITAL EMPLOYED			
Capital fund		161,761,575	161,761,575
Retained earnings/(accumulated losses)		(68,788,434)	(172,987,060)
Shareholders' fund/(deficit)		92,973,141	(11,225,485)
Non-current liabilities			
Borrowings	8	-	184,768,929
Deferred tax	9	1,000,849	-
		93,973,990	173,543,444
REPRESENTED BY			
Non current assets			
Deferred tax	9	-	26,061,800
Property and equipment	10	88,647,880	99,222,583
		88,647,880	125,284,383
Current assets			
Inventories	11	8,623,764	8,142,104
Trade and other receivables	12	344,178,863	456,979,499
Cash and cash equivalents	13	94,966,596	1,161,906
		447,769,223	466,283,509

Current liabilities			
Trade and other payables	14	117,199,815	271,741,288
Deferred income	15	242,640,272	75,096,734
Borrowings	8	52,951,348	71,186,426
Current tax		29,651,678	-
		442,443,113	418,024,448
Net current liabilities		5,326,110	48,259,061
		93,973,990	173,543,444
		-	-

The financial statements on pages 8 to 28 were approved and authorised for issue by the Board

of Directors on 11th APRIL 2018 and were signed on its behalf by:

____________________ DIRECTOR ____________________ DIRECTOR

The notes on pages 62 to 89 form an integral part of these financial statements.

Report of the independent auditor - pages 54 to 56.

STATEMENT OF CHANGES IN FUNDS

	Capital fund Shs	Retained earnings Shs	Total Shs
Year ended 31 December 2016			
At start of year	161,761,575	(109,978,685)	51,782,890
(Loss) for the year	-	(63,008,375)	(63,008,375)
At end of year	161,761,575	(172,987,060)	(11,225,485)
Year ended 31 December 2017			
At start of year	161,761,575	(172,987,060)	(11,225,485)
Profit for the year	-	104,198,626	104,198,626
At end of year	161,761,575	(68,788,434)	92,973,141

The notes on pages 62 to 89 form an integral part of these financial statements.

Report of the independent auditor - pages 54 to 56.

STATEMENT OF CASH FLOWS

	Notes	2017 Shs	2016 Shs
Operating activities			
Cash from operations	16	333,933,009	3,341,870
Interest paid		(25,579,586)	(43,200,836)
Net cash from/(used in) operating activities		308,353,423	(39,858,966)
Investing activities			
Purchase of property and equipment	10	(5,392,281)	(6,079,582)
Proceeds from disposal of property and equipment		100,000	-
Net cash (used in) investing activities		(5,292,281)	(6,079,582)
Financing activities			
Repayments of long-term borrowings	8	(188,142,576)	(45,877,102)
Changes in restricted cash balances	13	(69,300,000)	-
Net cash (used in) financing activities		(257,442,576)	(45,877,102)
Increase/(decrease) in cash and cash equivalents		45,618,566	(91,815,650)
Movement in cash and cash equivalents			
At start of year		(13,699,525)	78,119,467
Increase/(decrease)		45,618,566	(91,815,650)
Effect of exchange rate changes		(6,252,445)	(3,342)
At end of year	13	25,666,596	(13,699,525)
		-	-

The notes on pages 62 to 89 form an integral part of these financial statements.

Report of the independent auditor - pages 54 to 56.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in note 18.

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

New and amended standards adopted by the company

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

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:

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' (Annual Improvements to IFRSs 2014-2017 Cycle, issued in December 2017) - The amendment, applicable to annual periods beginning on or after 1 January 2018, clarifies that exemption from applying the equity method is available separately for each associate or joint venture at initial recognition.

- Amendments to IAS 40 'Transfers of Investment Property' (issued in December 2017) that are effective for annual periods beginning on or after 1 January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.

- Amendment to IFRS 1 (Annual Improvements to IFRSs 2014-2016 Cycle, issued in December 2016) that is effective for annual periods beginning on or after 1 January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments issued in June 2017 to IFRS 2 ' Share - based Payment ' which are effective for cash settled schemes, treatment of net settled schemes and modifications for equity settled schemes.

- Amendments to IFRS 4 titled Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (issued in September 2017) that are effective for annual periods beginning on or after 1 January 2018, include a temporary exemption from IFRS 9 for insurers that meet specified criteria and an option for insurers to apply the overlay approach to designated financial.

- IFRS 9 'Financial Instruments'(Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.
  IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

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

  In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract. In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.
- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18). It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.

- IFRS 16 'Leases' (issued in January 2017) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2021 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (issued in December 2016) effective or annual periods beginning on or after 1 January 2018, clarifies that the exchange rate to use in transactions that involve advance consideration paid or received in foreign currency is the one at the date of initial recognition of the non-monetary asset or liability. The directors expect that the future adoption of IFRS 9, IFRS 15 and IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other Standards and Interpretations will have a material impact on the financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgments, estimate 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 estimates and 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:

- **Impairment of trade receivables** - the company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

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

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

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 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.

NOTES (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition (continued)

i) Sales of goods are recognised upon delivery of products and customer acceptance.

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

iii) Membership fee is recognised on accrual basis when members subscribe to the services offered.

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

v) 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 depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. 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:

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property and equipment (continued)

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

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

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

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

f) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

Financial assets

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following category:

NOTES (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

Financial assets (continued)

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in profit or loss when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in profit or loss.
Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss and for available for sale assets in other comprehensive income in the year in which they occur.

Financial liabilities

The company's financial liabilities which include trade and other payables fall into the following category:

Financial liabilities measured at amortised cost: These include trade and other payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable 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.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Inventories

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

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, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

i) Taxation

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

Current tax

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

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the taxbases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

j) Accounting for leases

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

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.

NOTES (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Capital reserves

Capital reserves are funds that represents the initial long term capital contribution by the Kenya Red Cross Society used to establish the company. Except for a sum of Shs 20 as prescribed by Memorandum of Association as the maximum contribution to the company in the event of a wind up or dissolution, the reserve is refundable back to the society at the discretion of the board and on condition that the refund does give rise to a liquidity shortage.

m) Comparatives

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

NOTES (CONTINUED)

		2017	2016
2.	**Revenue**	**Shs**	**Shs**
	Ambulance coverage fee	400,541,439	399,295,514
	Membership fee	598,088,977	148,703,523
	First aid kits	14,290,579	10,722,964
	First aid training	517,360	1,060,840
	Health talks	-	-826,177
		1,013,438,355	558,956,664
3.	**Other operating income**		
	Hire of ambulance equipment	-	(3,500)
	Members deposits	1,010,000	550,000
	Interest earned	-	1,871,507
	Other income	13,073,489	4,661,804
	Gain on disposal of property and equipment	67,750	-
	Insurance claim received	4,197,234	-
		18,348,473	7,079,811
4.	**Operating profit/(loss)**		
	The following items have been charged in arriving at the operating profit/(loss):		
	Bad debts write off	-	473,800
	Provision of bad debts	3,112,006	-
	Staff costs (Note 5)	84,764,611	66,753,088
	Depreciation on property and equipment (Note 10)	15,934,734	15,725,891
	Auditor's remuneration		
	- Current year	630,000	600,000

NOTES (CONTINUED)

5. Staff costs

Salaries and wages	50,342,089	41,477,362
Pension costs:		
- Defined contribution scheme contribution	27,628,740	20,771,041
- National Social Security Fund	1,429,600	1,275,200
Other staff costs	2,868,885	-
Staff training	488,222	824,700
Staff medical	2,007,075	2,078,253
	84,764,611	66,753,088

The average number of persons employed during the year, by category, were:		
Ambulance	243	272
Management and administration	23	26
Total	266	298

6. Finance costs

Foreign exchange losses	6,252,445	3,342
Interest expense:		
- Term loans and overdrafts	25,579,586	43,200,836
	31,832,031	43,204,178

NOTES (CONTINUED)

	2017	2016
7. Tax	**Shs**	**Shs**
Current tax	29,651,678	-
Deferred tax charge/(credit) (Note 9)	27,062,649	(6,772,630)
Tax charge	56,714,327	(6,772,630)

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

Profit/(loss) before tax	160,912,953	-69,781,005
Tax calculated at a tax rate of 30% (2016: 30%)	48,273,886	-20,934,302
Tax effect of:		
- expenses not deductible for tax purposes	8,440,441	14,161,672
Tax charge	56,714,327	(6,772,630)
	-	-

8. Borrowings

The borrowings are made up as follows:

Non-current		
Bank loan	-	184,768,929
Current		
Bank loan	-	56,324,995
Bank overdraft (Note 13)	52,951,348	14,861,431
	52,951,348	71,186,426
Total borrowings	52,951,348	255,955,355

NOTES (CONTINUED)

8. Borrowings (continued)

Reconciliation of liabilities arising from financing activities:

	Borrowings	Total
	Shs	Shs
Year ended 31 December 2017		
At start of year	241,093,924	241,093,924
Interest charged to profit or loss	25,579,586	25,579,586
Cash flows:		
- Operating activities (interest paid)	(25,579,586)	(25,579,586)
- Repayments of long-term borrowings	(188,142,576)	(188,142,576)
	52,951,348	52,951,348
Year ended 31 December 2016		
At start of year	286,971,026	286,971,026
Interest charged to profit or loss	43,200,836	43,200,836
Cash flows:		
- Operating activities (interest paid)	(43,200,836)	(43,200,836)
- Repayments of long-term borrowings	(45,877,102)	(45,877,102)
	241,093,924	241,093,924

NOTES (CONTINUED)

8. Borrowings (continued)

The borrowings are secured by the following:

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

(ii) Corporate guarantee for Shs. 350,000,000 executed by Kenya Red Cross Society.

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

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

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

	2017	2016
	Shs	Shs
6 months or less	52,951,348	56,324,995

	2017	2016
	%	%
Weighted average effective interest rates at the year-end were:		
Bank loan	14.0%	17.9%
Bank overdraft	13.5%	13.5%

NOTES (CONTINUED)

8. Borrowings (continued)

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

Maturity based on the repayment structure of non-current borrowings (excluding finance lease liabilities) is as follows:	**2017** **Shs**	**2016** **Shs**
Between 1 and 2 years	52,951,348	67,012,129
Between 2 and 5 years	-	113,794,137
Over 5 years	-	3,962,663
	52,951,348	184,768,929
Undrawn facilities - bank overdraft	50,000,000	50,000,000

9. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). The movement on the deferred tax account is as follows.

	2017 **Shs**	**2016** **Shs**
At start of year	(26,061,800)	(19,289,170)
Charge/(credit) to profit or loss (Note 7)	27,062,649	(6,772,630)
At end of year	1,000,849	(26,061,800)

NOTES (CONTINUED)

9. Deferred tax (continued)

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

	At start of year Shs	Charge/ (credit) to profit or loss Shs	At end of year Shs
Deferred tax liabilities			
Unrealised exchange difference	360,168	(360,168)	-
Property and equipment	1,985,942	(985,093)	1,000,849
	2,346,110	(1,345,261)	1,000,849
Deferred tax (assets)			
Tax losses carried forward	(28,407,910)	28,407,910	-
	(28,407,910)	28,407,910	-
Net deferred tax liability	(26,061,800)	27,062,649	1,000,849

10. Property and equipment

Year ended 31 December 2017

	Buildings Shs	Furniture and fittings Shs	Ambulance equipment Shs	Computers Shs	Total Shs
Cost					
At start of year	5,005,325	6,087,595	127,325,117	12,849,623	151,267,660
Additions	-	1,606,023	2,775,463	1,010,795	5,392,281
Disposals	-	-	-	(215,000)	(215,000)
At end of year	5,005,325	7,693,618	130,100,580	13,645,418	156,444,941

NOTES (CONTINUED)

10. Property and equipment (continued)

Depreciation					
At start of year	700,749	2,803,258	39,803,492	8,737,578	52,045,077
Disposals	-	-	-	-182,750	-182,750
Charge for the year	100,107	647,693	12,839,969	2,346,965	15,934,734
At end of year	800,856	3,450,951	52,643,461	10,901,793	67,797,061
Net book value	4,204,470	4,242,667	77,457,119	2,743,625	88,647,880

Year ended 31 December 2016

	Buildings Shs	Furniture and fittings Shs	Ambulance equipment Shs	Computers Shs	Total Shs
Cost					
At start of year	5,005,325	5,542,044	122,607,154	12,033,555	145,188,078
Additions	-	545,551	4,717,963	816,068	6,079,582
At end of year	5,005,325	6,087,595	127,325,117	12,849,623	151,267,660
Depreciation					
At start of year	600,642	2,205,458	27,062,737	6,450,349	36,319,186
Charge for the year	100,107	597,800	12,740,755	2,287,229	15,725,891
At end of year	700,749	2,803,258	39,803,492	8,737,578	52,045,077
Net book value	4,304,577	3,284,337	87,521,625	4,112,045	99,222,583

NOTES (CONTINUED)

	2017	2016
11. Inventories		
	Shs	**Shs**
Consumables	8,623,764	8,142,104
12. Trade and other receivables		
Current		
Trade receivables	134,119,563	115,010,818
Less: provision for impairment	(3,112,006)	-
Net trade receivables	131,007,557	115,010,818
Other receivables	240,000	-
Receivables from related parties (Note 17)	212,931,306	341,968,681
	344,178,863	456,979,499

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

The company's credit risk arises primarily from trade receivables and balances receivable from related parties. The directors are of the opinion that the company's exposure is limited because the debt is widely held and related party balances are held by entities that are not in financial distress.

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

Trade receivables that are aged past 90 days are considered past due.

NOTES (CONTINUED)

12. Trade and other receivables (continued)

As of 31 December 2017, trade receivables amounting to Shs. 12,114,761 (2016: Shs. 56,177,115) were past past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 Shs	2016 Shs
3 to 12 months	12,114,761	56,177,115

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

13. **Cash and cash equivalents**	**2017** **Shs**	**2016** **Shs**
Cash at bank and in hand	94,966,596	1,161,906

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

Cash at bank and in hand	94,966,596	1,161,906
Bank overdraft (Note 8)	-	(14,861,431)
Less: Restricted cash balances	(69,300,000)	-
	25,666,596	(13,699,525)

Restricted cash balances relates to performance bond for National Hospital Insurnace 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)

14. Trade and other payables	2017 Shs	2016 Shs
Trade payables	68,225,740	127,811,220
Accruals	8,678,519	614,440
Other payables	6,613,311	9,694,956
Payable to related parties (Note 17)	33,682,245	133,620,672
	117,199,815	271,741,288

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:

	2017 Shs	2016 Shs
Kenya Shilling	102,693,222	200,586,964
Swiss Franc	10,827,548	71,154,324
US Dollar	3,679,045	-
	117,199,815	271,741,288

NOTES (CONTINUED)

14. Trade and other payables (continued)

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

As at 31 December 2017	**0 to 3 months Shs**	**4 to 12 months Shs**	**Total Shs**
Trade payables	47,938,788	20,286,952	68,225,740
Accruals	8,678,519	-	8,678,519
Other payables	6,613,311	-	6,613,311
Payable to related parties	15,314,350	18,367,895	33,682,245
	78,544,968	38,654,847	117,199,815

As at 31 December 2016	**0 to 3 months Shs**	**4 to 12 months Shs**	**Total Shs**
Trade payables	89,806,501	38,004,719	127,811,220
Accruals	614,440	-	614,440
Other payables	9,694,956	-	9,694,956
Payable to related parties	60,753,483	72,867,189	133,620,672
	160,869,380	110,871,908	271,741,288

15. **Deferred income**	**2017 Shs**	**2016 Shs**
Deferred income	242,640,272	75,096,734

In the opinion of the directors, the carrying amounts of deferred income approximate to their fair value.

The carrying amounts of the company's deferred income are denominated Kenya Shillings.

NOTES (CONTINUED)

	2017	2016
16. **Cash from operations**	**Shs**	**Shs**
Reconciliation of profit/(loss) before tax to cash generated from operations:		
Profit/(loss) before tax	160,912,953	-69,781,005
Adjustments for:		
Depreciation on property and equipment (Note 10)	15,934,734	15,725,891
(Gain) on disposal of property and equipment	(67,750)	-
Interest expense	25,579,586	43,200,836
Foreign exchange losses (Note 7)	6,252,445	3,342
Changes in working capital:		
- inventories	(481,660)	654,639
- trade and other receivables	112,800,636	(39,683,283)
- trade and other payables	(154,541,473)	95,361,757
- deferred income	167,543,538	(42,140,307)
Cash from operations	333,933,009	3,341,870

NOTES (CONTINUED)

17. **Related party transactions and balances**

The parent company is Kenya Red Cross Society.

	2017	2016
	Shs	Shs
i) Sale of goods and services		
Kenya Red Cross Society	30,959,929	18,775,359
Red Court Hotel	65,710	26,000
	31,025,639	18,801,359
ii) Purchase of services		
Kenya Red Cross Society	5,639,019	4,141,377
Red Court Hotel	2,695,455	2,187,880
	8,334,474	6,329,257

Outstanding balances

Receivables from related parties can be analysed as follows:

	2017	2016
Kenya Red Cross Society - Administration	187,016,721	40,016,721
Kenya Red Cross Society - Branches	775,595	1,144,630
Kenya Red Cross Society - Programs	4,698,091	3,366,430
Boma Hotel	-	277,000,000
Red Court Hotel	20,440,900	20,440,900
Total receivable from related party (Note 12)	212,931,306	341,968,681

NOTES (CONTINUED)

17. Related party transactions and balances (continued)

Outstanding balances

Payables to related parties can be analysed as follows:

Red Court Hotel	900,200	2,871,272
Kenya Red Cross Society - Administration	19,158,854	52,121,824
Kenya Red Cross Society - Branches	2,795,643	7,473,252
Internationl Federation of Red Cross - IFRC	10,827,548	71,154,324
Total payable to related parties (Note 14)	33,682,245	133,620,672

Key management personnel compensation

Short term employee benefits	15,643,200	15,746,400

18. **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.

NOTES (CONTINUED)

18. Risk management objectives and policies (continued)

Financial risk management (continued)

(a) **Market risk (continued)**

- Foreign exchange risk

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

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

	2017	2016
	Shs	Shs
Effect on (loss) - increase	1,015,462	4,980,803

-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.

	2017	2016
	Shs	Shs
Effect on (loss) - increase	1,790,571	3,024,059

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

NOTES (CONTINUED)

18. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

If customers are 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 information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the financial assets that are fully performing have been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) Liquidity risk

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

A disclosure of the undrawn facilities is as per Note 8. This is the company's liquidity reserve.

Notes 8 and 14 disclose the maturity analysis of borrowings 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.

NOTE (CONTINUED)

18. Risk management objectives and policies (continued)

Financial risk management (continued)

Year ended 31 December 2017	**Interest rate %**	**Between 1 - 12 months Shs**	**Between 2 - 5 years Shs**	**Total Shs**
Interest bearing liabilities				
- Bank loan	14.0	60,364,537	-	60,364,536
Non-interest bearing liabilities				
- Trade and other payables	Nil	117,199,815	-	117,199,815
		177,564,352	-	177,564,351
Year ended 31 December 2016	**%**			
Interest bearing liabilities				
- Bank loan	17.9	93,437,438	222,354,214	315,791,652
- Bank overdraft	13.5	16,867,724	-	16,867,724
Non-interest bearing liabilities				
- Trade and other payables	Nil	271,741,288	-	271,741,288
		382,046,450	222,354,214	604,400,664

19. **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)

19. **Capital management (continued)**

The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
	Shs	Shs
Total borrowings (Note 8)	52,951,348	255,955,355
Less: cash and cash equivalents (Note 13)	(94,966,596)	(1,161,906)
Net debt	(42,015,248)	254,793,449
Total equity	92,973,141	(11,225,485)
Gearing ratio	45%	> 100%

Gearing ratio has decreased due to increase in profits during the year.

20. **Commitments**

Operating lease commitments - the company as a lessee

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

	2017	2016
	Shs	Shs
Not later than 1 year	127,327,793	118,642,489
Later than 1 year and not later than 5 years	112,529,348	208,662,392
	239,857,141	327,304,881

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

NOTES (CONTINUED)

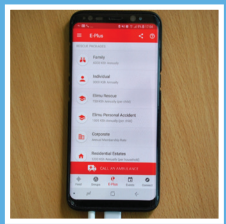
21. **Country of incorporation**

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

22. **Presentation currency**

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

Content: Susan Wakhungu-Githuku and Lucy Mwangi for Footprints Press
Design and Layout: Kevin Mapesa for Footprints Press



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