RWANDA STOCK EXCHANGE

ANNUAL REPORT 2013

WEALTH A WAY OF LIFE

ANNUAL REPORT
2013

Our Vision

To be a big contributor to the economic development and key player in leading Rwanda to be a Regional Financial Center status.

Mission

To provide the main platform for promotion of savings and raising funds for long term investments in Rwanda and beyond.

Core Values

Efficiency,

Innovation,

Transparency,

Accountability

Integrity

LIST OF ACRONYMES AND ABREVIATIONS

BCR : Banque Commerciale du Rwanda
BNR : Banque Nationale du Rwanda
Brwalirwa : Brasserie et Limonaderie du Rwanda
BoK : Bank of Kigali
CEO **:** Chief Executive Officer
CSD : Central Securities Depository
EASEA : East Africa Stock Exchange Association
EASRA : East African Securities and Regulatory Authorities
ESMID **:** Efficient Securities Market Institutional Development
EMC : Emerging Markets Committee
IFAC : International Federation of Accountants
IFC : International Finance Corporation.
IPSAS **:** International Public Sector Accounting Standards
IOSCO : International Organization of Securities Commissions
FSDRP **:** Financial Sector Development Regionalization Project
KCB : Kenya Commercial Bank
MINECOFIN : Ministry of Finance and Economic Planning
MoU : Memorandum of Understanding
OTC **:** Over The Counter
PSF : Private Sector Federation
RIEPA : Rwanda Investment and Exports Promotion Agency
RSE : Rwanda Stock Exchange
RSSB : Rwanda Social Security Board
SORAS : Societe Rwandaise d'Assurance

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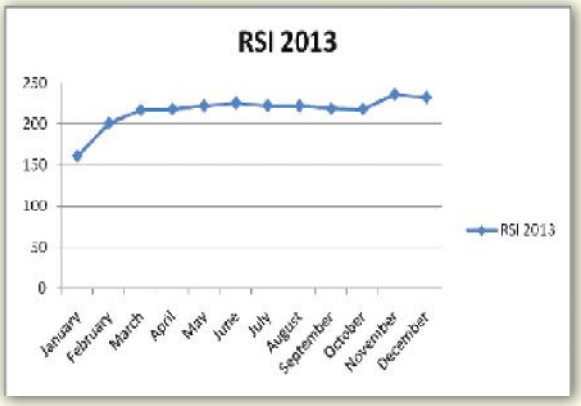
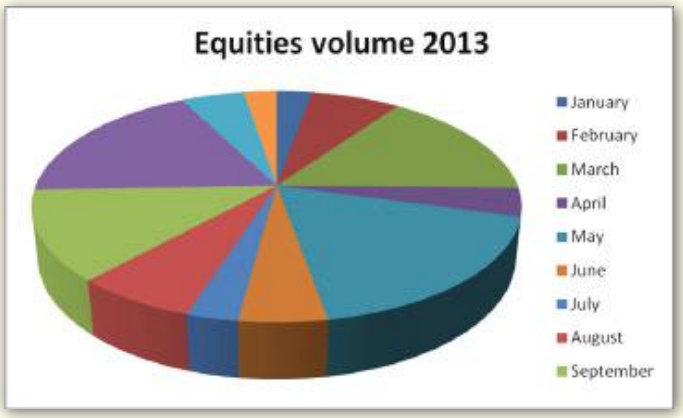
Government bond issuance

Police men and women at RSE

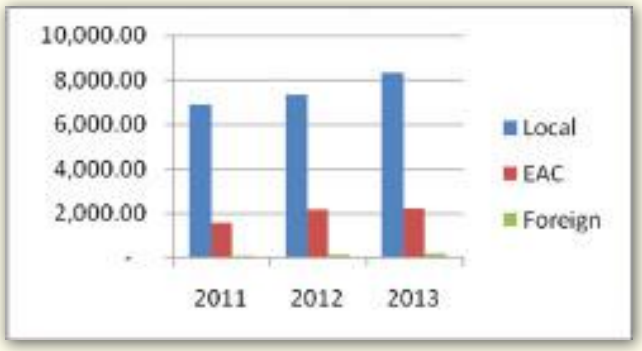
FINANCIAL HIGHLIGHTS (quick read)

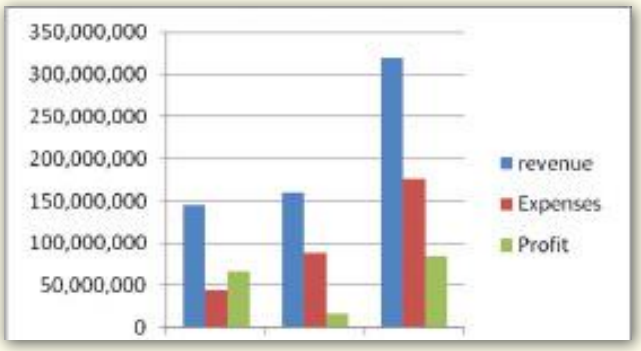




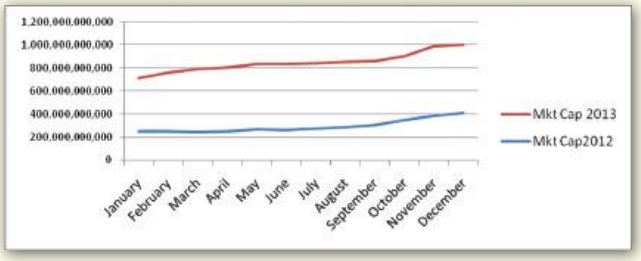
Local, EAC & Foreign Investors

Revenue, Expenses and Profit

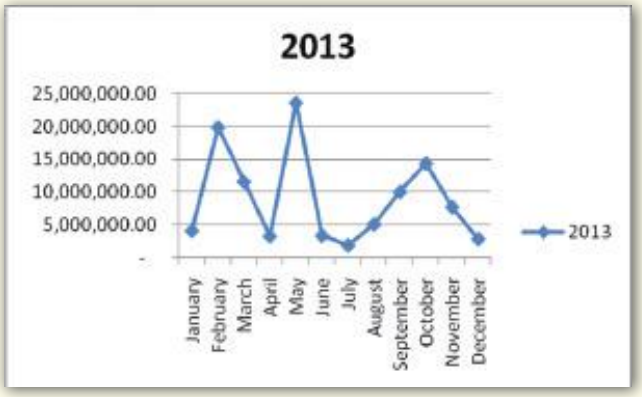




Equity Market Capitalization



Equity Turnover



PROFILE OF BOARD OF DIRECTORS

Dr James NDAHIRO

Chairman

Dr. James NDAHIRO is the Rwanda Stock Exchange (RSE) Chairman. He is also the chairman for Zigama Credit and saving society and the chairman for societe Nouvelle d'Assurances du Rwanda (SONARWA).

He is Member of EAST African Legislative Assembly since where is the chairperson of the committee on communications, trade and investment which is one of the standing committees of the parliament.

He plays another role including Coordinator of Rwanda Investment Climate project (RICP) and Director for the Central African Affairs in the African Union of the blind.

He is also a member of the Association of Certified Chartered Accountants of England and Wales. He is a PhD holder in Accounting and Finance from the University of Manchester (UK) and an MBA in Accounting and Finance from Maastricht School of Management (Netherlands).

Dr James NDAHIRO

Chairman

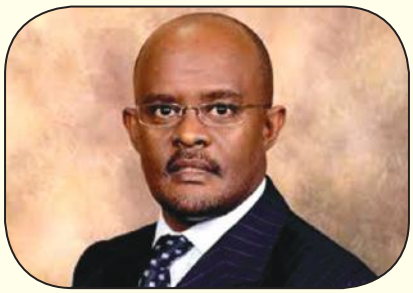
Mr. Bob KARINA

Vice Chairman

Mr. Karina is the Founder and Chairman of Faida Investment Bank and the Vice Chairman of the Nairobi Securities Exchange (NSE) Ltd. He is also the Vice Chairman of the Rwanda Stock Exchange, where he has played a key role in the set up of the Rwanda Stock Exchange (RSE) and serves as the Chairman of the Trading Committee. He is also a Board Member of the Central Depository and Settlement Corporation (CDSC), where he serves as the Chairman of the Finance Committee.

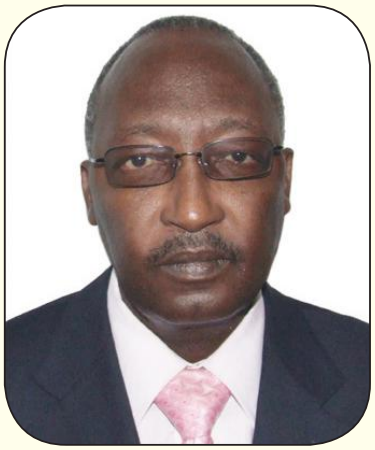
He is an accomplished stockbroker, an information technology professional and a successful businessman. He plays other roles including; Chairman of Asterisks Holdings, Chairman of Norwich Union Properties Ltd., Chairman of Association of Kenya Stockbrokers (AKS) Nominees Ltd and Founder Member of the Institute of Certified Securities and Investment Analysts (ICSIA). He is also a member of the Institute of Directors. He also served as the Director and Chairman of the Finance Committee of the National Chamber of Commerce and Industry.

Mr. Karina was instrumental in the establishment of the CDSC, the implementation of the NSE's Automated Trading System (ATS), the Wide Area Network (WAN), and the Broker Back Office (BBO) system, as the Chair of the implementation committees that spearheaded these developments in the Kenyan Capital Markets. He has broad experience in advising institutional and corporate investors, corporate finance consulting and research analysis. He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.



Mr. Kenneth Kitariko

Director of the Rwanda Stock Exchange (RSE); Chief Executive Officer/Executive Director of African Alliance Uganda; Director of the Uganda Securities Exchange (USE); Chairman of the Uganda Securities Exchange (USE) Listings and Membership Committee. Vice Chairman Stock Broker Association in Uganda; Vice chairman of the Issuers Sub-committee (Bank of Uganda's Financial Markets Development Committee)A commercial and finance lawyer with over 10 years experience and for the past five years has been intricately involved in the capital markets sector in Uganda and in diverse corporate finance transactions ranging from sourcing finance through bond and equity issuances, listings, hedging currency portfolios and investment and advisory services.



Simon KALENZI

Simon is the CEO Dyer and Blair Rwanda and the managing partner KPS Associates and partner Responsible for consulting, tax and legal. He is a member of the Institute of Chartered Secretaries and Administrators (ICSA), financial administration stream and a holder of CIMA advanced diploma in Management accounting. He has expertise in corporate advisory, this includes experience in Receivership, liquidations, independent business reviews in Kenya, Uganda and Rwanda and working capital reviews and Audit. Simon is a renowned corporate governance doctrine. He also designed good governance Corporate guidelines for BCDI and COGEAR .He was repotting accountant for Bank of Baroda and Uganda Telecom Ltd. Simon was the lead consultant of Housing Bank prospectus And lead consultant advisor of BCDI sales to Ecobank. Simon supervises and provided Overall guidance for financial and transaction advisory services on issuance of Municipal Bond to finance Kigali City Infrastructure. Simon was lead sponsors broker for Blarirwa IPO. He chairs the Association of Chartered Secretaries and Administrators of Uganda. Simon was a member Of the task force and steering committee for establishment of Kigali Stock Exchange and Institute of Certified Public Accountants of Rwanda. He is also head of corporate Governance NEPAD Rwanda. Simon is a member of Rwanda stock Exchange, Chairman of Rwanda stock Exchange Brokers Associates.

Mr Jonathan Hall

Executive Director/Vice Chairman of the Board and Managing Director, as of 16 January, 2012 Jonathan Hall, joined Heineken in Asia in 1997, where he was Marketing Director at Asia Pacific Breweries. From 2000 - 2007, he was marketing Director in Ireland and Indonesia. Prior to joining Heineken, Jonathan worked in East Africa from 1979 -1987 and Asia from 1987 - 2004.He joined Bralirwa Ltd in January 2012, after four years as Managing Director of the Heineken brewery in St. Lucia.

Mr. Bahati MPUNIKA

He joined the Board of Directors of RSE in 2011. He is a graduate from Adventist University of Central Africa (AUCA). He started his career in 2006 as an auditor in a local audit firm prior to joining Caisse Sociale du Rwanda (Currently Rwanda Social Security Board) as an investment analyst in January 2007. He has since held different positions within the investment department until September 2011. This led to the position of Head of Investment Department from October 2011 up to now. He is now member of Various Board of Directors in Rwanda and a candidate to be a member of the Association of Chartered Certified Accountant (ACCA).

Mrs Amina RWAKUNDA

Mrs. Amina Umulisa RWAKUNDA is a Board Director of the Rwanda Stock Exchange (RSE) since 2012. She is the current Senior Economist/ Director of Macroeconomic Policy at the Ministry of Finance and Economic Planning; and board Director of the NISR (National Institute of Statistics Rwanda). Mrs. Rwakunda is an Economist with over 12 years experience and a seasoned negotiator on regional integration matters where she has been serving as the Deputy Chief Negotiator for Rwanda's High Level Task Force on the EAC Monetary Union and she is also involved in negotiations on fiscal related policies.

Mrs. Rwakunda holds a Masters in Globalisation and Development Economics from the University of Antwerp.

Mr. Pierre Celestin RWABUKUMBA

Pierre Celestin RWABUKUMBA, a Rwandan national born in 1974, is the current Chairman of the East African Securities Exchanges Association (EASEA) and Chief Executive Officer of the Rwanda Stock Exchange Ltd. He is the Co- founder and Chairman of Kigali Cement Company, a private company that produces, Markets and sells cement in Rwanda and neighboring countries, he is also a non Executive Director in Athi River Mining – Rwanda Ltd, and non Executive Director in Atlantis Microfinance (AMF) Ltd. He is also involved in different investment projects ranging from Real Estate, Poultry and Agro – processing to Energy production.

Mr. Rwabukumba started his career in financial services in New York City more than a decade ago after graduating from the University of Buffalo (UB), New York in the United States with A bachelors Degree in Economics. He worked in different professional positions as a stock broker, in Compliance and Operations and Institutional Investors' Sales before he joined the Central Bank of Rwanda in 2004 to help start the Capital Market Development Project in Rwanda. Mr. Rwabukumba is also a seasoned negotiator as he has been instrumental in different negotiations on regional integration of the East African Community. He has served on different Capital Market Committees both at the national and the regional level the latest being the High Level Task Force negotiating the EAC Monetary Union. He is currently pursuing an Executive MBA at the East Southern African Management Institute (ESAMI) - Kampala, Uganda.

BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE (RSE)

A Stock Exchange is an Organized and regulated financial market where securities are bought and sold at prices governed by the forces of demand and supply. Stock exchanges impose stringent rules, listing requirements, and statutory requirements that are binding on all listed and trading parties.

The Rwanda Stock Exchange Limited was incorporated on 7th October 2005 with the objective of carrying out stock market operations. The Stock Exchange was demutualised from the start as it was registered as a company limited by shares. The company was officially launched on 31st January, 2011.

RSE OWNERSHIP STRUCTURE

The ownership structure of Rwanda Stock Exchange is as follows:

- Government of Rwanda Ltd. :20%
- Faida Securities Rwanda Ltd. :10%
- African Alliance Rwanda Ltd. :10%
- CDH Capital Ltd. :10%
- Baraka Capital Ltd. :10%
- MBEA Brokerage Services Rwanda Ltd. :10%
- Dyer & Blair Rwanda Ltd. :10%
- RSSB :10%
- BRD :8%
- SONARWA General Insurances Company Ltd. :1%
- SORAS General Insurance Ltd. :1%

RSE BOARD COMPOSITION & REPRESENTATION

The Rwanda Stock Exchange Board is comprised of 7 members distributed as follows:

- Government of Rwanda has one representative
- Members have three representatives
- Institutional investors have one representative
- Members of the public and/or professional bodies have one representative
- Listed companies have one representative

CORPORATE INFORMATION

Directors

1.	Dr James NDAHIRO	Chairman
2.	Mr. Kenneth Kitariko	Member
3.	Mr. Simon Kalenzi	Member
4.	Mr. Bob Karina	Member
5.	Mr. Bahati Mpunikira	Member
6.	Mrs. Amina Rwakunda	Member
7.	Mr. Jonathan Hall	Member
8.	Mr. Pierre Celestin RWABUKUMBA	Secretary

Secretary

Mr. Pierre Celestin RWABUKUMBA

Avenue du Commerce

P O Box 3882, Kigali- RWANDA

Registered Office

KCT Building 1st Floor,

Avenue du Commerce,

P O Box 3882 Kigali- Rwanda

Bankers

Bank of Kigali

Plot No.6112,

Avenue de la Paix
P.O. Box 175, Kigali, Rwanda

Auditors :

RUMA (CPA)

Printer Set House, 3rd Floor

Avenue de la paix

POBOX : 2611 Kigali - Rwanda

CHAIRMAN'S STATEMENT

Dr. James Ndahiro

I am delighted to report that 2013 was a good year for Rwanda Stock Exchange (RSE). As the fundamentals of our economy continue to improve despite challenges we see our role as the stock exchange becoming even more relevant. Given the fact that the RSE was established to facilitate implementation of the country's economic reforms and encourage wider ownership of public resources, collaborative and support from the Government and other key stakeholders continues to be key towards supporting the country's economic development. The RSE strategy and Plans therefore, aims at positioning the RSE as the focus for raising capital for private enterprises and to the Government development projects through providing the platform for mobilizing savings for productive investments activities and creating investment opportunities for investors.

During 2013, RSE continued with implementation of its 5 years strategic plan where efforts and resources were directed towards preparation for the introduction of the Small and Medium Enterprise Market Segment (SMEMS), increasing on efficiency levels and raising the profile of the exchange. The outlook is exciting, as these efforts start to bear fruits i.e. increase activity, broaden the range of products, streamline the operations and commercialization of the RSE as an entity.

During the year the RSE Blue Print was reviewed so as to address and improve on various areas in line with the current market developments. The newly drafted RSE Rules Book has been approved by the Regulator.

During this period we continued our efforts towards the automation of the exchange. During the year the Market Capitalization increased the USD 2 billion mark. This achievement is attributed by efforts that we utilized to increase the market efficiency such as increased public awareness initiatives. With regard to the fixed income securities,

Trading activities in the secondary market more than tripled. The recorded performance

positively impacted the financial performance during the year. The RSE internally generated revenues increased by 71.8% from Rwf 140.1 million – 2012 to Rwf 240.6 million – 2013. The Government support through subvention decreased by 9.2% from Rwf 34.7 million in year 2012 to Rwf 31.7 million in financial year 2013. We have delivered another year of strong cash flow, which is enabling us to invest in the business and serve the market efficiently.

On behalf of the Board of Directors, Management and the rest of the members of staff at Rwanda Stock Exchange, I wish to acknowledge and extend our appreciation to the continued support of the Government of Rwanda through the Ministry of Finance to the CMA. It is our sincere belief that the Government will continue supporting the RSE for the foreseeable future.

I am also grateful to all our development partners such as Financial Sector Development Plan (FSDP), Banque National Du Rwanda(BNR) and the Private Sector Federation(PSF) for their support in developing the market. During the year under review we started the Public awareness campaigns for Small and Medium Enterprises Market segment at the RSE. We believe through these we will envisage to result into an apetite for Small & Medium Enterprises raising capital and list on the Exchange.

Again in the special way I acknowledge with appreciation the outstanding role played by all my colleagues (the Members of Board of Directors) for their continued contribution and commitment to the development of the Exchange. The concerted efforts by the Management and the Board should push even further the development agenda of the RSE in years to come.

On behalf of the Board, I would like to also thank the RSE Management and entire team of staff for their dedication and commitment in ensuring that the Exchange meets its strategic objectives even during challenging moments.

In the longer term, we remain very positive about the opportunities to grow our Exchange as we are well positioned to capitalize on the ongoing economic reforms and development in the country through providing efficient capital raising platform to support this growth.

Dr James NDAHIRO

Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Pierre Celestin RWABUKUMBA

Chief Executive Officer

MANAGEMENT

The management of RSE during the year and to the date of this report was:

Mr. Pierre Celestin RWABUKUMBA	Chief Executive Officer
Ms. Iribagiza Alice	In Charge of Administration and Finance
Mr. Robert Twagira	In charge of Information and Technology
Mr. Mitali David	In charge of Operations

1. ECONOMIC PERFORMANCE

1.1. 2013 Economic overview

Over the past two decades our country has experienced high rate of growth due to economic reforms, sound macroeconomic policies and the expending of both public and private sector. The rate of growth of Rwanda Gross Domestic Product (GDP) for the year 2013 was 4.7%. In 2014 Rwanda is expected to continue an upward trend and remain as one of the fastest growing economies in the region, the growth is expected to be 6% fueled by growth in key sectors such like infrastructure, agriculture, services sector and trade.

1.2. Price Movement (Inflation)

The annual headline inflation slightly declined from 3.9% in December 2012 to 3.7% in December 2013. The decrease in inflation was due to continued decrease in the average price of oil, also

the relatively favorable weather conditions which improved agricultural harvest and relatively cheaper power generation.

2. Market performance

On the Rwanda Stock Exchange (RSE), equities trading continued on an upward trend. The two counters of BRALIRWA and Bank of Kigali still dominate in volumes, transactions and price changes.

2.1. Primary market

There was no new issuance in bond and equity market for the period under review.

2.2 Secondary market

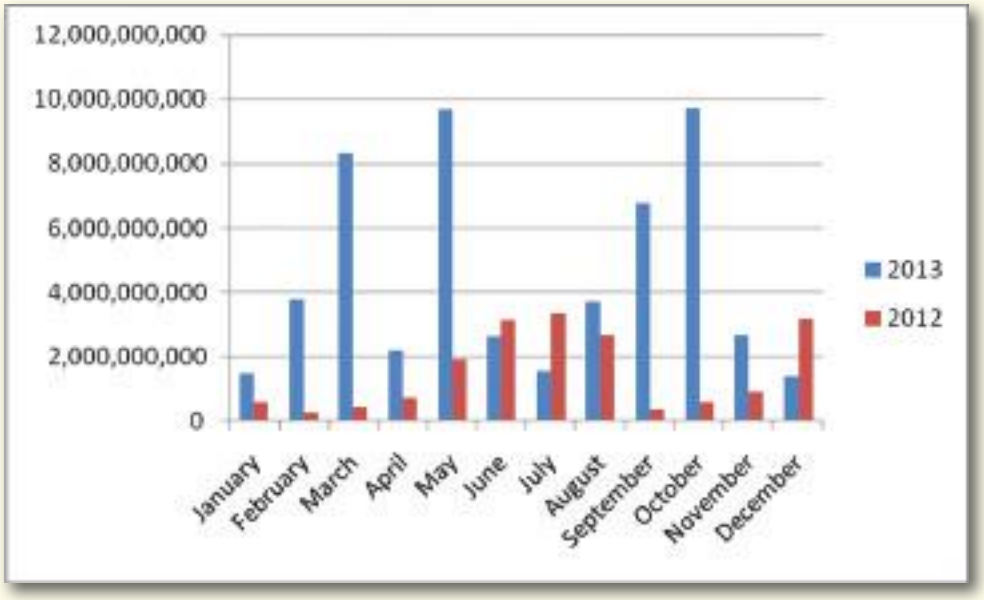
2.2.1 Bond market

The bond secondary market remained unchanged for the period under review.

2.2.2 Equity market

On equity market during this period under review Uchumi Supermarket Market cross-listed on Rwanda secondary market from Kenya. The equity market continued an upward trend in share prices and recorded a slight increase in total turnover during the period from January – December of the year 2013. The market recorded a total turnover of Rwf 53.9 billion from 108.1 million shares in 1,750 deals compare to the same period for the previous year of 2012 where the market recorded a total turnover of Rwf 18.1 from 103.4 million shares in 1,563 deals. This is an increase of 197.8% in turnover, 4.83% in volume and 11.96% in number of transactions respectively over the same period. The most vibrant counters were those for BK and Bralirwa.

Comparison between turnovers for the year 2012-2013

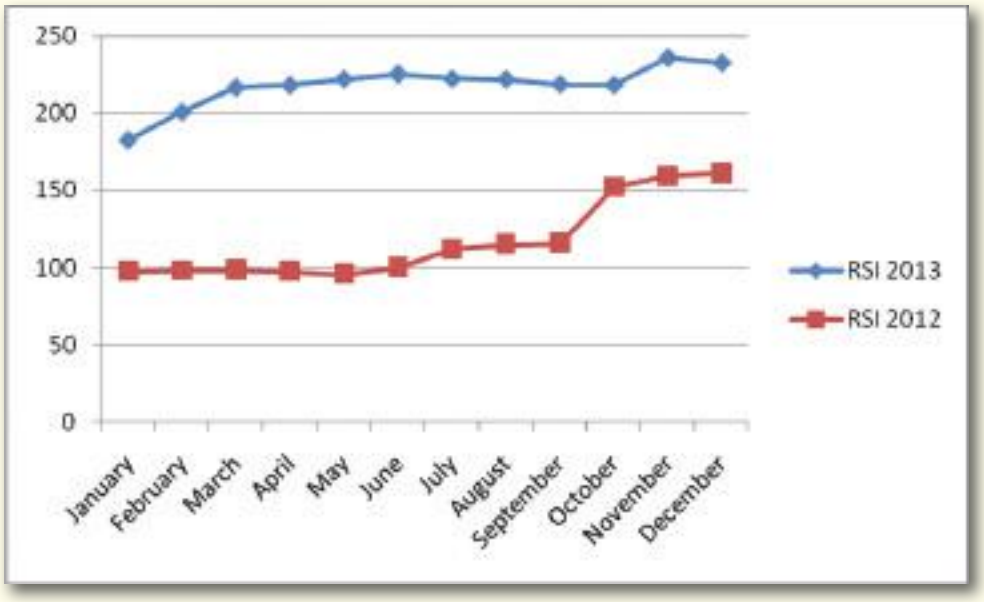


Indices

Stock market index is defined as a statistical indicator used in measurement and reporting of changes in the market value of a group of stocks/shares. It is also defined as a method of measuring a section of the stock market. Many indices are cited by news or financial services firms and are used as benchmarks, to measure the performance of portfolios such as mutual funds.

Under measuring market performance Rwanda Stock Exchange (RSE) has two types of indices used to measure the performance which are Rwanda Shares Index (RSI) and All share Index (ALSI). During this period under review both indices performed slightly as illustrated in figures thereafter

Comparison between RSI for the year 2013 and 2012

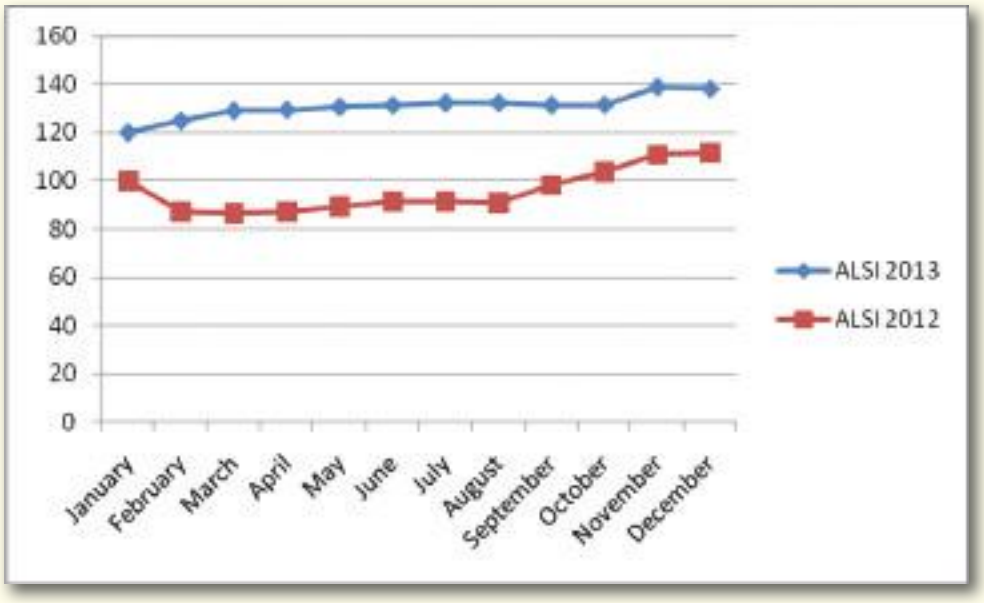


Source: RSE, 2013

From January –December for the year under review the RSI observed an increase of 43.93% in comparing the results from the year 2012 which recorded and an increase of 65.33% from January-December.

Items share price movements on dominant firms which are Bralirwa and Bank of Kigali (BK) an slight shift observed, on Bralirwa side an increase of 33.17% observed from January to December in the year 2013 then on Bank of Kigali side an increase of 86.04% recorded from January –December in the year under review.

Comparison between ALSI for the year 2013 and 2012



Source: RSE, 2013

As computed the ALSI from January –December for the year under review registered an increase of 23.7%; taking comparison the ALSI for the year 2012 and 2013 an increase of 38.97% observed from January, 2012 to December, 2013 and 12.26% increase from January-December, 2012.

3. Activities report

3.1 Public education and Marketing

Rwanda Stock Exchange (RSE) conducted public education presentations in different public and private organizations through different seminars, presentations, TV, radios and print media.

Green Hills Academy students at RSE trading ground

- On this point of public education the RSE hosted 394 students from different universities and High Institutions including UNR, ISAE, INES, INILAK, UCR, IPB, AUCA and Umutara Polytechnic.
- Two secondary school visited RSE for the purpose of awareness of Capital Market operations those Green Hills Academy and Riviera High School.
- RSE in collaboration with CMA and Ministry of Finance organized seminars and presentations for Umurenge SACCO in all Districts of Southern Province. The aim of this program was to try to raise awareness on the culture of savings and the benefits of long term investments profitability. The program was also attended by the Districts officials, opinion leaders, business people, religious and organizations etc.

Public Education for SACCOs May 2013

- In the purpose of keeping Rwandans on the daily business on Capital Market, the daily RSE market report is broadcasted in three languages on RTV and 6 radio stations (Radio Rwanda; Radio 10, Flash FM and Voice of Africa, KFM and Isango Star). The RSE is trying to engage other media house to do the same.
- A delegation of 32 police men and women hosted by RSE in case of public education

Police men and women at RSE, 2013

- A delegation of 12 Japanese officials from the ministry of finance and the parliamentary secretary for finance received explanations from RSE member about secondary market investment, operations and procedures
- RSE hosted a delegation of 60 students from the Washington university in two groups
- In partnership with the Private Sector Federation, the RSE organized different presentations in different Districts of Rwanda whereby business operators were key focal beneficiaries with the purpose of encouraging them to participate on capital market.
- In collaboration with INES-Ruhengeri and SITI-East Africa the RSE organized a workshop on Municipal bonds which took place Rusizi in Western province.

3.2 Capacity building

RSE has developed an induction in-house training program for new entrants into the Rwanda Capital Market. RSE management conducted two induction courses in March and July 2013 for market practitioners including RSE management, member intermediary firms, other financial institutions, the media and the academia. RSE continued its internship program for the students in local universities and some from the Diaspora; This year we received at least 30 students for

internship averaging one and a half a month and others were helped to do their research for final papers in their respective schools. The RSE staff attended distinguished workshop under different institutions and organization including CMA, PSF and MINEAC as well as:

- Industrial attachment on CSD for transaction processing
- CMA regulations and guidelines
- New legal framework for Rwanda commodities exchange market
- Accessing Funding through commercial papers.

4. Legal framework

In order to have an attractive environment for capital market practitioners, RSE put in place listing rules for the Small and Medium Enterprises (SMEs) to allow this market segment to operate. The RSE also published a new fee schedule after securing the requisite approvals by the CMA.

5. Regional integration

In the course of the year, the RSE continued to contribute to regional integration initiatives by actively participating in regional meetings and forums, under EASEA and the Capital Market Insurance and Pensions (CMIPC). RSE management actively continued its participation in the Executive and Steering Committees of the EAC-Financial Sector Development &Regionalization project (FSDRP) and SITI-East Africa held in Kenya and Kigali respectively. Apart from regional initiatives, the RSE was represented in international meetings and conferences held in Abidjan and London to continue growing our network of international market players and investors.

6. Information technology infrastructure development

The Information Technology department at the Rwanda Stock Exchange (RSE), is one that nurtures creativity, change and holds the core principles of the Exchange's strategy at every stage of growth and innovation. During the year under review ICT policy and procedures manual for the department was developed. Central Securities Depository (CSD) was linked and installed at the RSE to enable the capture of transactions and fasten processing between trading at RSE and the clearing and settlement at Central Bank of Rwanda through a Virtual Private Network (VPN).

Pierre Celestin RWABUKUMBA

Chief Executive Officer

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting the audited financial statements for the year ended 31 December 2013 which shows the state of the company's affairs.

Principal Activities

Rwanda Stock Exchange is mainly responsible for carrying out stock market operations.

Registration of the Company

The company was registered by the office of the registrar General on 28 October 2005 as private company limited by shares

Trading Results

	2013	2012
	Rwf	Rwf
Profit for the Year	**121,601,882**	23,869,612
Taxation	(37,272,642)	(7,402,481)
	84,329,239	**16,467,131**

Dividends

The directors do not recommend payment of dividends for the year ended 31 December 2013 (for the year ended 31 December 2012: Nil).

Directors

The directors who served in the company during the year period are shown on page 1.

Auditors

RUMA Certified Public Accountants have expressed their willingness to continue in office and are eligible for reappointment as per article 243 of the Companies Act of Rwanda number 07/2009 of 27 April 2009.

By order of the Board

DIRECTOR

_____ Date_____

Statement of Directors' Responsibilities

The Companies Act of Rwanda requires the directors to prepare financial statements for each financial year, that 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 operating results for that year. It also requires the directors to ensure the company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of Rwanda. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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 financial statements, as indicated above, were approved by the Board of Directors on 26 September, 2014 and were signed on its behalf by:

_____ _____

Chief Executive Officer **Date**

_____ _____

Director **Date**

Board Committees

The RSE's boards of directors divided into four committees:

1. Administration & Finance and listing committee
2. Market development and Operations committee
3. Audit committee

1. ADMINISTRATION AND FINANCE COMMITTEE

The mandate of administration and finance committee is to review the economy, efficiency and effectiveness of operations including non-financial control of the company and make recommendations to the management as well as to evaluate the performance of human resources manual and monitor the profile of the company's workforce items of consistency with the company's objectives.

Members

1. Mr. Bahati MPUNIKIRA Chairman
2. Mr. Kenneth KITARITO Member

2. MARKET DEVELOPMENT COMMITTEE

The mandate of market development committee to develop and implement marketing initiatives and activities to increase awareness of the company as well as providing compelling and innovative promotional and marketing materials in order to enhance attendance at RSE training programs.

Members

1. Bob KARINA Chairman
2. Amina Rwankunda Member

3. AUDIT COMMITTEE

Audit committee is a committee of the board of directors responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit results both internal and external. The committee assists the board of directors fulfill its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to provide advice and recommendations to the board within the scope of its terms of reference / charter.

Members

1. Mr. Bahati MPUNIKIRA Chairman
2. Mr. Simon KALENZI Member

Report of the Independent Auditor's
To the members of Rwanda Stock Exchange (RSE)

We have audited the accompanying financial statements of Rwanda Stock Exchange as set out on pages 6 to 20. These financial statements comprise the statement of financial position at 31 December 2013, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Rwandan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rwanda Stock Exchange as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Rwanda.

Report on Other Legal and Regulatory Requirements

The Companies Act of Rwanda number 07/2009 of 27 April 2009 requires that in carrying our audit, we consider and report to you on the following matters.

We confirm that:

i) We are not related to Rwanda Stock exchange and have no interests or debts in the company;

ii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

iii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;

iv) We have communicated to you through a management letter highlighting problems linked with the company's management and our recommendations for improvement.

Rutaremara,

Managing Partner,

RUMA Certified Public Accountants

Date_____

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

ASSETS	Note	2013	2012
Noncurrent assets		**Rwf**	**Rwf**
Property and Equipment	4	35,916,659	43,536,045
Current assets			
Trade and Other Receivables	5	27,791,824	35,458,400
Bank and Cash balances	6	373,081,771	240,696,626
		400,873,595	**276,155,026**
TOTAL ASSETS		**436,790,254**	**319,691,071**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	100,000,000	100,000,000
Retained Earnings	8	169,520,410	84,826,074
Grant	9	24,453,266	42,700,609
		293,973,676	**227,526,684**
Non Current Liabilities			
Current Liabilities			
Trade and other payables	10	105,543,935	52,185,726
Tax Payable	11	37,272,643	39,978,661
		142,816,578	**92,164,387**
TOTAL EQUITY AND LIABILITIES		**436,790,254**	**319,691,071**

The financial statements were approved by the Board of Directors on ____/____/2014 and signed on its behalf by:-

_____ _____

Director Chief executive officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 Rwf	2012 Rwf
Revenue	12	240,670,658	140,059,819
Other Income	13	77,979,433	19,494,065
		318,650,091	**159,553,884**
Operating Expenses	14	(176,112,672)	(88,759,620)
Witholding Tax		-	(2,345,405)
Financial Costs	15	(187,292)	(203,920)
Depreciation	4	(20,748,246)	(16,494,065)
Provision for doubtful debts			(27,881,262)
Profit before tax		**121,601,882**	**23,869,612**
Income tax expense		(37,272,642)	(7,402,481)
Profit for the year		**84,329,239**	**16,467,131**
Other comprehensive Income		**-**	**-**
Total comprehensive income for the year		**84,329,239**	**16,467,131**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Retained Earnings	Grant	Total
	Rwf	Rwf		Rwf
At 1 Jan 2013	100,000,000	84,826,075	42,700,609	227,526,684
Prior year adjustments	-	365,096	-	365,096
Restated	**100,000,000**	**85,191,171**	**42,700,609**	**227,891,780**
Reallocation of grant	-	-	(18,247,343)	(18,247,343)
Profit for the year	-	84,329,239	-	84,329,239
At 31 December 2013	**100,000,000**	**169,520,410**	**24,453,266**	**293,973,676**
At 1 January 2012	100,000,000	67,553,618	-	167,553,618
Prior year adjustments		805,326		805,326
Grant Received			60,000,000	60,000,000
Reallocation of grant			(17,299,391)	-17,299,391
Profit for the year		16,467,131		16,467,131
At 31 December 2012	**100,000,000**	**84,826,075**	**42,700,609**	**227,526,684**

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	Rwf	Rwf
Profit /Loss for the year	121,601,882	23,869,612
Cash flow from operating activities		
Income tax Expense	(37,272,642)	(7,402,481)
Depreciation	20,748,246	16,494,065
Prior Year Adjustments	365,096	805,326
Cash flow from operating activities before changes in working capital	**105,442,581**	**33,766,522**
Decrease in accounts receivables	7,666,576	56,608,224
Increase in accounts payables	50,652,190	21,898,022
Net cash flow from operations	**163,761,348**	**112,272,768**
Cash flows from investing activities		
Purchase of Property and equipment	(13,128,860)	(24,957,536)
Purchase of intangible asset	-	-
Net cash used in investing activities	**(13,128,860)**	**(24,957,536)**
Cash flows from financing activities		
Support from CMA	(18,247,343)	42,700,609
Net Cash used in financing activities	**(18,247,343)**	**42,700,609**
Issue of Shares		
Net decrease in cash and cash equivalents	132,385,145	130,015,841
Cash and cash equivalents at 1 January	240,696,626	110,680,785
Cash and cash equivalents at 31 December	**373,081,771**	**240,696,626**

1. REPORTING ENTITY

The Rwanda Stock Exchange Limited was incorporated on 7th October 2005 with the objective of carrying out stock market operations. The Stock Exchange was demutualised from the start as it was registered as a company limited by shares.

2. BASIS FOR PREPARATION

a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in compliance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentational currency

These financial statements are presented in Rwandan Francs (rounded to the nearest cents), which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below;

Property, Plant and equipment

Annually, directors make estimates in determining the depreciation rates for property, plant and equipment using internal technical expertise. The rates used are set out in the accounting policy for property, plant and equipment. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's)

b) Adoption of new and revised International Financial Reporting Standards (IFRS)

Standards, amendments and interpretations to existing standards not yet effective and also not early adopted

- **IFRS 9:** Financial Instruments (Effective 1 January 2015). This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value
- **IASB Annual Improvement Project** – As part of its fourth annual improvement project the IASB has issued its 2011 edition of improvements. The annual improvement project aims to clarify and improve the current accounting standards. The improvements include items involving terminology or editorial changes, with minimal effect on recognition and measurement.

Basis of preparation

The financial statements are prepared under the historical costs basis of accounting. The principal accounting policies are set out below.

Revenue recognition

Initial listing income is recognised in the year in which the listing company makes the flotation. Additional listing income is recognised during the year in which the issuing company makes announcement of the bonus/right issues.

Transaction levy income is based on a percentage of the value of shares traded and is recognised on the dates of the transactions.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount or initial recognition.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Rwandese Francs at rates ruling at the transaction dates. Monetary assets and liabilities at the date of reporting that are expressed in foreign currencies are translated into Rwandese Francs at rates ruling at that date. The resulting differences from conversion and translation are dealt within profit or loss in the year in which they arise.

Equipment

All equipments are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows,

Buildings	5%
Computer equipment, software products and data equipment	50%
Motor vehicles	25%
Furniture and fittings	25%
Communication Equipment	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Intangible assets represent computer software which is stated at cost less amortisation. Amortisation is calculated to write-off software on a straight line basis over the estimated useful life of 4-5 years.

Impairment of tangible and intangible assets, excluding goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Financial instruments

The company classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held to maturity investments and available for sale assets. Management determines appropriate classification for its investments at initial recognition.

(a) Receivables

Receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement at cost receivable are subsequently re-measured to amortise cost using the effective interest rate method less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate.

(b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments classified as fair value through profit or loss are initially recognised at cost and subsequently re-measured to fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized and unrealized gains and losses are included in the profit or loss. Interest earned whilst holding held for trading investments is reported as investment income.

(c) Held to maturity investments

Held to maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the company has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investment are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Amortised costs is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation and losses arising from impairment of such investments are recognised in the profit or loss.

(d) Available for sale financial assets

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, or changes in interest rates, exchange rates or equity prices are classified as available for sale and are initially recognised at cost. Available for sale investments are subsequently re-measured to fair value, based on quoted bid prices or amount derived from cash flow models. Unrealized gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income and accumulated in fair value reserve, with the exception of impairment losses, interest calculated using effective interest method, and foreign exchange gains and losses on monetary assets which are recognised in profit or loss. When the investment is disposed of or is determined to be impaired, the cumulative gains or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

(e) De-recognition of financial assets

Financial assets are derecognized when the right to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Cash and cash equivalent

For the purposes of the statement of the cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

Investments in associate

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method , investments in associates are carried in the statements of financial position at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the company's interest in that associate are recognized only to the extent that the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Employee entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of reporting.

Retirement benefit obligations

The employees and the Company contribute to the Social Security Fund of Rwanda, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to the income statement.

Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the date of reporting 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 the temporary differences can be utilized, while deferred tax liabilities are recognised for all taxable temporary differences.

Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

Comparatives

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

Critical Accounting Judgements and Key Sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the entities accounting policies are dealt with below:

a) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see (b) below), that the Directors have made in the process of applying in the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Held-to-maturity financial assets

If the company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Held-to-maturity financial assets comprise debt securities.

(b) *Key sources of estimation uncertainty*

Impairment losses

At each date of reporting, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an

impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Equipment and software

The company reviews the estimated useful lives of equipment and software at the end of each reporting period.

4. Property and equipment for the

Year ended 31 December 2013

	Communication Equipment	Computer &IT Equipment	Office furniture
		Rwf	Rwf
At 1 January 2013	2,750,000	12,153,936	45,931,500
Additions	281,000	2,845,000	10,002,860
At 31 December 2013	**3,031,000**	**14,998,936**	**55,934,360**
Depreciation			
At 1 January 2013	552,083	4,830,807	11,916,501
Charge for the year	757,750	6,840,551	13,149,945
At 31 December 2013	**1,309,833**	**11,671,358**	**25,066,445**
Carrying Amount			
31-Dec-13	**1,721,167**	**3,327,578**	**30,867,915**
31-Dec-12	**2,197,917**	**7,323,129**	**34,014,999**

Year ended 31 December 2013

	Computer &IT Equipment	Office furniture	Total
	Rwf	Rwf	Rwf
Cost			
At 1 January 2012	0	35,877,900	35,877,900
Additions	14,903,936	10,053,600	24,957,536
At 31 December 2012	**14,903,936**	**45,931,500**	**60,835,436**
Depreciation			
At 1 January 2012	-	805,326	805,326
Charge for the year	5,382,890	11,111,175	16,494,065
At 31 December 2012	**5,382,890**	**11,916,501**	**17,299,391**
Carrying Amount			
31-Dec-12	**9,521,046**	**34,014,999**	**43,536,045**
31-Dec-11	**0**	**35,072,574**	**35,072,574**

		2013	2012
5	**Trade and other Receivables**	**Rwf**	**Rwf**
	FAIDA	96,651	851,529
	AFRICAN ALLIANCE	135,029	2,589,510
	CDH	2,462,584	1,957,882
	DALLAS SECURITIES	2,373,205	3,621,912
	CORE SECURITIES	-54	582
	MBEA	24,913	9,420,217
	DYER & BLAIR	111,403	7,881,262
	CSFS	963	31,087

RSSB	-	500,000
BRARIRWA	-	20,000,000
BNR	11,250,000	6,250,000
Reinasance Capital-Kenya	480,000	160,000
MUTARA ENTERPRISE	4,248	4,248
Less Provision for Doubtful debts	-	(27,881,262)
BK Securities	781,449	-
	17,720,391	**25,386,967**
Other Receivables		
Prepayments	10,071,433	10,071,433
	27,791,824	**35,458,400**

		2013	**2012**
6	**Bank and Cash balances**	**Rwf**	**Rwf**
	BK 00040-0465317-41	339,375,801	240,696,626
	BK 00040-0319985-15	33,598,960	-
	Petty Cash	107,010	-
		373,081,771	**240,696,626**

		2013	**2012**
		Rwf	**Rwf**
7	**Share capital**	100,000,000	100,000,000

Authorized and issued: 1,000,000 shares of Rwf 100 each

		2013	2012
8	**Retained Earnings**	**Rwf**	**Rwf**
	Balance Brought forward	84,826,074	67,553,618
	Prior Year adjustments	365,096	805,326
	Profit for the period	84,329,239	16,467,131
		169,520,410	**84,826,074**

		2013	2012
9	**Grant**	**Rwf**	**Rwf**
	Grant from CMAC	42,700,609	60,000,000
	Transfer to retained earnings	-	(805,326)
	Transfer to income	(18,247,343)	(16,494,065)
		24,453,266	**42,700,609**

		2013	2012
10	**Trade and Other Payables**	**Rwf**	**Rwf**
	CDSC/BNR	53,981,288	30,957,539
	COMPANSATION FUND	37,187,074	15,594,236
		91,168,362	**46,551,775**
	Other Payables		
	DOYELCY LTD	294,779	1,330,955
	Staff Salary	6,476,846	500,000
	Suspense Account	1,250,000	1,250,000
	International Travel Agency	-	1,263,500

Rwanda today News paper	-	900,000
Treasures Company Ltd	-	389,400
Dimension Techenology Systems	96	96
PAYE	4,097,720	-
RSSB	2,256,132	-
	14,375,573	**5,633,951**
	105,543,935	**52,185,726**

		2013	**2012**
11	**Tax Payable**	**Rwf**	**Rwf**
	Balance b/f	39,978,661	30,230,775
	Paid During the Year	(39,978,661)	-
	Witholding Tax	-	2,345,405
	Corporate Tax for the Year	37,272,642	7,402,481
		37,272,643	**39,978,661**

12 Revenue	2013 Rwf	2012 Rwf
Transaction levies	151,150,658	50,889,819
Membership fees	3,520,000	1,600,000
Listing Fees	86,000,000	87,250,000
Subscription Fees	-	320,000
	240,670,658	**140,059,819**

13 Other Income	2013 Rwf	2012 Rwf
Training fees	-	3,000,000
Transfer from Grant	18,247,343	16,494,065
Grant from CMAC	31,785,828	
Bad debts recovered	27,881,262	
Other Income	65,000	
	77,979,433	**19,494,065**

14 Operating Expenses	2013 Rwf	2012 Rwf
Allowance and fees to Board of Directors	16,924,050	8,986,032
Capacity Buildings(Workshop)	8,400,899	2,565,901
Travel expenses	23,233,463	16,268,152
Rent	31,874,601	25,761,826
Entertainment	1,100,900	-

CSR Activities	1,000,000	-
Advertisement and Commission expenses	3,695,269	6,778,056
Office supplies(Utilities)	13,149,286	12,969,278
Consultancies(Staff Emoluments)	66,171,904	15,430,375
General Expenses	6,182,390	
Subscription fees	1,192,564	
Miscellaneous Expenses	3,187,346	
	176,112,672	**88,759,620**

15 **Finance costs**	**2013** **Rwf**	**2012** **Rwf**
Interest on fixed charges	187,292	6,050
Cost of PO/Statements and Cheque books	-	26,931
Sale of currency	-	170,939
	187,292	**203,920**

16. Risk Management objectives and policies

The main business risks faced by the company in respect of its principal non derivative financial instruments are market risk including interest rate risk and foreign currency risk, credit risk and liquidity risk. The directors review and determine policies for managing these risks.

Market risk

The company maintains a conservative policy regarding currency. And interest rate risks and does not engage in speculation in the markets. In additional the company does not speculate or trade in derivatives financial instruments

Interest rate Risk

Interest rate risks arise primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risks illustrates how changes in the fair value or future cash flows of financial instrument will fluctuate because of changes in the market interest rates at the reporting date

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when purchases are denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency risk by holding adequate bank currencies in the relevant currencies and through immediate settlement.

Credit risk

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from deposit with bank s as well as trade receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The credit risk on liquid funds is limited because the counterparties are banks with credit rating assigned by the banking regulatory authority

Credit risk from balances with banks and financial institutions is managed by the company's treasury policies. Investments of surplus funds are made only with approved financial institutions, whose credit assessment is assessed on a regular basis.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. The company manages the risks by maintaining adequate cash balances in the bank, banking facilities and by continuous monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the reporting period to the contractual maturity date.
The amounts disclosed in the table below are the contractual undiscounted cash flows .Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

Capital Risk Management

The manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stockholders through the optimisation of the equity balance

The capital structure of the company consists of share capital, member's funds and accumulated profit. The company is not subject to any externally imposed capital requirements.

Website: www.rse.rw

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