RWANDA STOCK EXCHANGE

ANNUAL REPORT 2017

Rwanda Stock Exchange

Wealth a way of life

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Rwanda Stock Exchange

Wealth a way of life

Our Vision

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

Our Mission

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

Our Core Values

- Efficiency
- Innovation
- Transparency
- Accountability
- Integrity

LIST OF ACRONYMS AND ABREVIATIONS

ACCA:	Association of Chartered Certified Accountants
ALSI:	All Share Index
ASEA:	African Securities Exchanges Association
ATS:	Automated Trading System
BNR:	Banque Nationale du Rwanda
Bralirwa:	Brasseries et Limonaderies du Rwanda
BK :	Bank of Kigali
CBE :	College of Business and Economics
CDSC:	Central Depository and Settlement Corporation
CEO:	Chief Executive Officer
CMA:	Capital Market Authority
CISI:	Charted Institute of Securities and Investment
CSD:	Central Securities Depository
CSR:	Corporate Social Responsibilities
CTL:	Crystal Telecom Limited
DSE:	Dar es Saalam Stock Exchange PLC
EAC:	East Africa Community
EASEA:	East Africa Stock Exchange Association
EASRA:	East African Securities and Regulatory Authorities
EGH:	Equity Group Holdings
IFAC:	International Federation of Accountants
IFC:	International Finance Corporation.
INES:	Institut d'Enseignment Superieur
IPB:	Institut Polytechnique de Byumba
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
MINEACOM:	The Ministry of Trade, Industry and East African Community Affairs
MoU:	Memorandum of Understanding
NSE:	Nairobi Securities Exchange
OTC:	Over The Counter
PSF:	Private Sector Federation
RSE:	Rwanda Stock Exchange
RSI:	Rwanda Share Index
RSSB:	Rwanda Social Security Board
SITI:	Securities Industry Training Institute
SORAS:	Société Rwandaise d'Assurance
SMEMS:	Small and Medium Enterprises Market Segment
SSE:	Sustainable Stock Exchanges
UR:	University of Rwanda
UN:	United Nations
USE:	Uganda Securities Exchange
US SEC:	United States Securities and Exchanges Commission
UTAB:	University of Technology and Arts of Byumba
WBG:	World Bank Group
WFE:	World Federation of Exchanges

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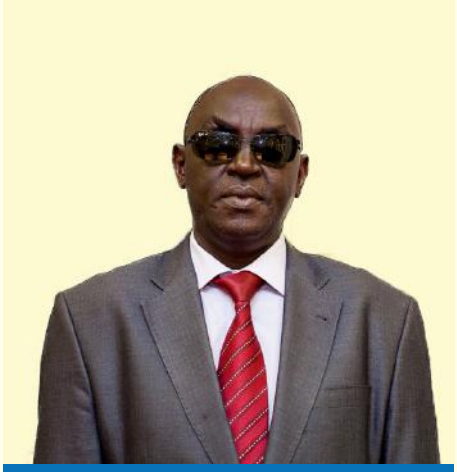
PROFILE OF BOARD OF DIRECTORS



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 (ZCSS) has been the current chairman for Societe Nouvelle d'Assurances du Rwanda (SONARWA).

He is a Member of East African Legislative Assembly where he 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 the 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).

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 setup of the Rwanda Stock Exchange (RSE) and serves as the Chairman of operations and market development. 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.

Mrs. IZA Irame
Board Member

Mrs. Iza Irame is the Chief Executive Officer of Crystal Telecom Ltd and Chief Corporate Services Officer at Crystal Ventures Ltd. Prior to joining CVL, Iza was the Chief Executive Officer of African Alliance for four years.

She led diverse corporate finance transactions in the Rwanda Market and has been instrumental in growing the local capital market industry. She was the first chairperson of the Rwanda Stockbrokers Association.

Prior to joining African Alliance, Iza was Group Finance Officer at the Horizon Group Ltd and worked as the Chief Accountant at the Office of the Prosecutor General. She currently serves as a non-Executive Director on various boards including the Rwanda Stock Exchange, African Alliance Rwanda, Zigama CSS and Rwanda Teaching University Hospital.

Iza holds a Bachelor's degree in Finance from the Kigali Institute of Science, Technology and Management (KIST) and is an affiliate of the UK Association of Chartered Certified Accountants (ACCA).

Mr. Shehzad Noordally
Board Member

Mr. Shehzad is a Board Director of Rwanda Stock Exchange (RSE) and the CEO of CDH Capital Ltd, a brokerage and Investment Banking service provider in Rwanda. He started his career in the Accountancy and Financial Sector. Shehzad has 19+ experience in the financial sector. He has been instrumental in setting and growing CDH Capital Ltd in the Rwandan Capital Market. He has been leading several financial advisory assignments in Rwanda in the past five years. He is currently the Chairman of the Rwanda Association of Stockbrokers and a Board Member of the Rwanda Stock Exchange.

Mrs. Amina Umulisa RWAKUNDA
Board Member

Mrs. Amina has been 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. Andrew Otengo OWINY
Board Member

Mr. Andrew is a Group Executive Director and Group Head of Corporate Finance & Research with MBEA Brokerage Services (Rwanda) Ltd ('MBEA Rwanda' or 'MBSRW'), a Licensed Stock Broker Member of the Rwanda Stock Exchange (RSE).

For over 28 years, Andrew has been intimately involved with investment banking in Africa, the USA and parts of Europe, having served as Managing Director at MBEA Brokerage Services (Uganda) Limited, a Member of the Uganda Securities Exchange (USE) from 1997 to 2010; and

as Senior Vice President and Head of International Finance at Pryor, Counts & Co., Inc., a full service boutique investment banking firm headquartered in Philadelphia, Pennsylvania in the United States of America ('USA').

Andrew currently serves as a Board Member on the Board of Directors of the Rwanda Stock Exchange ('RSE'), and is the Chairman of the Board Finance & Administration Committee.

Andrew has, over the years, served on numerous other Boards of organizations across Africa. He currently serves as a Director on the Board of aBi Finance Limited in Kampala, Uganda, where he also serves as Chairman of the Board Audit, Risk & Compliance Committee; and, on the Board of G4S Secure Solutions (Uganda) Limited.
Andrew has also served as: Governing Council Member/ Board Director of the Uganda Securities Exchange (USE), where he briefly served as Ag. Chairman, and as Chairman of the Council Finance & Projects Committee; Director on the Board of the National Social Security Fund ('NSSF') of Uganda, where he served as Chairman of the Board Finance & Investments Committee; and, Founding Chairman of the Uganda Stock Brokers Association ('USBA'). He has also served as: Alternate Director on the Board of CAL Merchant Bank Limited (now Cal Bank Limited) in Accra, Ghana; Alternate Director on the Board of the National Merchant Bank of Zimbabwe Limited ('NMBZ') in Harare, Zimbabwe; Alternate Director on the Board of Securities Discount Company Limited ('SDC') in Accra, Ghana; and, Chairman of Uganda Rugby Union, the governing body of the Game of Rugby in Uganda.

In June 1997, Andrew, at the invitation of the United States Congress/House of Representatives Subcommittee on Africa of the House Committee on International Relations, provided written and oral testimony regarding "Africa's Emerging Capital Markets".

Andrew was the first recipient of the "Kikonyogo Capital Markets Award" ('KCMA') 2003, presented by Capital Markets Authority of Uganda ('CMA Uganda') in recognition of his exemplary contribution towards the development of the Ugandan capital market. The Award was named after the Late Governor of the Central Bank of Uganda ('BOU'), Mr. Charles N. Kikonyogo, in recognition of his exemplary support and dedication to the development of the capital markets industry in Uganda. In 2007, Andrew received the Runner-up KCMA.

Andrew was nominated one of the "2009 Distinguished Wharton Alumni (contributing to Africa)" by the Wharton African Students Association ('WASA'), of which Mr. Owiny was the Founding President; and the Wharton Club of Africa ('WCA'), a congregation of Wharton Alumni from across the African Continent, both organizations associated with The Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania, USA.

Andrew received his Master of Business Administration degree in Finance & Accounting from the Wharton School of the University of Pennsylvania, and holds a Bachelor of Commerce honours degree in Finance from Makerere University, Kampala ('MUK'), Uganda.

Mr. Innocent Idi KABANDA
Board Member

Mr. Innocent has served as a member of the Rwanda Stock Exchange Board of Directors since May 2015. He is also Board member of SOYCO Rwanda (soy bean factory) located at Kayonza District) since January 2016 and EPIC (Eastern Province Investment Company) since January 2016. Mr. Innocent Idi KABANDA currently serves as Director of Portfolio Management Division of Rwanda Social Security Board (RSSB). He joined the RSSB in January 2007 as Investments Monitoring and Evaluation Officer and by September 2011 he had become the Director of Fixed Income Investments and in 2013 was appointed as Director of Non Fixed Income Investments. In 2015, Innocent was promoted to Director of Portfolio Management Division. As Division Manager of portfolio Management, he was responsible for Analysis of the Fixed Income (bank term deposits, Government securities, mortgage and loans) and non-fixed income investments (Real estates and Equity) to determine prudent investment reallocation opportunities to generate additional yield or minimize investment risk; follow up the macro economic situation and prepare the report on a regular basis, especially to evaluate the trend of the inflation rate.

Innocent holds a master's Degree in Economics Policy Management from Kinshasa University sponsored by World Bank and a Bachelor's Degree in Management from the National University of Rwanda. He has attended a number of trainings, workshops, seminars and conferences both locally and internationally covering various areas of interest.

Mr. Pierre Celestin RWABUKUMBA
Board Member

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 bachelor's 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

1. BRIEF DESCRIPTION OF RWANDA STOCK EXCHANGE

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

Rwanda Stock Exchange Limited was incorporated on 7th October 2005 with the objective of carrying out stock market operations. The Stock Exchange was demutualized 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:

No	Shareholders	Ownership (%)
1	Government of Rwanda Ltd.	20
2	Faida Securities Rwanda Ltd	10
3	African Alliance Rwanda Ltd.	10
4	CDH Capital Ltd	10
5	Baraka Capital Ltd.	10
6	MBEA Brokerage Services Rwanda Ltd	10
7	Dyer & Blair Rwanda Ltd.	10
8	RSSB	10
9	BRD	8
10	SONARWA General Insurances Company Ltd	1
11	SORAS General Insurance Ltd.	1

1.1 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

1.1.1 CORPORATE INFORMATION

Directors

	Names	Role
1	Dr. James Ndahiro	Chairman
2	Mr. Bob Karina	Vice Chairman
3	Mrs. Iza Irame	Member
4	Mr. Andrew Otengo Owiny	Member
5	Mrs. Amina Umulisa Rwakunda	Member
6	Mr. Shehzad Noordally	Member
7	Mr. Pierre Celestin Rwabukumba	Secretary

Board Secretary

Mr. Pierre Celestin RWABUKUMBA
Avenue du Commerce
P O Box 5337, Kigali- RWANDA

Registered Office

KCT Building 1st Floor,
Avenue du Commerce,
P. O. Box 5337 Kigali- Rwanda

Bankers

Bank of Kigali
Plot No.6112,
Avenue de la Paix
P.O. Box 175, Kigali, Rwanda

Auditors

MN& Associates
Rue de Akagera, Plot No 1432,
Kiyovu
P.O Box 1863
Kigali

Legal Advisor

K-Solutions

STATEMENT OF THE CHAIRMAN

It is my pleasure to report that 2017 was a good year for Rwanda Stock Exchange (RSE). As the fundamentally our economy remained resilient despite challenges across the globe especially in sub Saharan Africa due to commodity prices and world oil markets volatility. We have seen some recovery this year in the commodity prices and prompt response from our trading counters and indices. These developments clearly makes our role as a 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, collaboration 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, aim at positioning the RSE as the focus for raising capital for private enterprises and to the Government development

> "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 growth."

projects through providing the platform for mobilizing savings for productive investments activities and creating investment opportunities for investors.

During 2017, RSE continued for the third year the implementation of its new 5 year strategic plan where efforts and resources were directed towards preparation for the sensitization large corporate and with a continued emphasis the Small and Medium Enterprises Market Segment (SMEMS)and retail investor market niche, increasing on efficiency levels and raising the profile of the exchange.

In the course of the year we increased our visibility on world stage by actively participating in different regional and international conferences and activities. The RSE actively participated in the 2nd Annual Botswana Stock Exchange Listing & Investment Conference on 09th March, 2017 which was graced His Honor The Vice President of the Republic of Botswana. Mr. Mokgweetsi E. K. Masisi.

I am also happy to note that this year we have continued our work with the World Federation of Exchanges (WEF) as a correspondent member and actively pursued our interactions and consultations with the UN's Sustainable Stock Exchanges initiative(SSE) through their working groups after joining in 2015. This initiative aims to provide an effective platform for peer-to-peer dialogue among global exchanges. RSE has joined number 5 on the continent after Nigeria, Mauritius, Ivory Coast and the Nairobi Securities Exchanges and a few more Exchanges that have joined this year.

The Outlook is exciting, as all these efforts start to bear fruits i.e. increase activity, broaden the range of products, streamline the operations and commercialize the RSE as an entity.

During this period we continued our efforts towards the automation of the exchange. The Market Capitalization at the close of 2017 was at USD 3.47 billion slightly up from USD 3.3 billion

at the end of 2016 due to price recovery across the board and additional listing.

With regard to the fixed income securities, the government's quarterly bond issuance program continued with an average of 150.6 subscription rate.

This increased secondary trading activity in the fixed income securities to the tune of 218.7% and 80.8% % in bonds turnover and number of transactions, respectively compared to the same period in 2016.

The recorded performance positively impacted the financial performance during the year. The RSE internal income generated increased by 30% from Rwf 301.5 million in 2016 to Rwf 392.1 million in 2017. We managed to stay within the projected performance despite the fact that we operated in a turbulent year mainly due to exogeneous factors. 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 intensified the Public awareness campaigns for Small and Medium Enterprises Market Segment at the RSE and increased our presence up country road shows for the general public. We believe through these we will envisage to result into an appetite for Small & Medium Enterprises raising capital and list on the Exchange and see more participation from the general public on the demand side.

Again in a 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 growth.

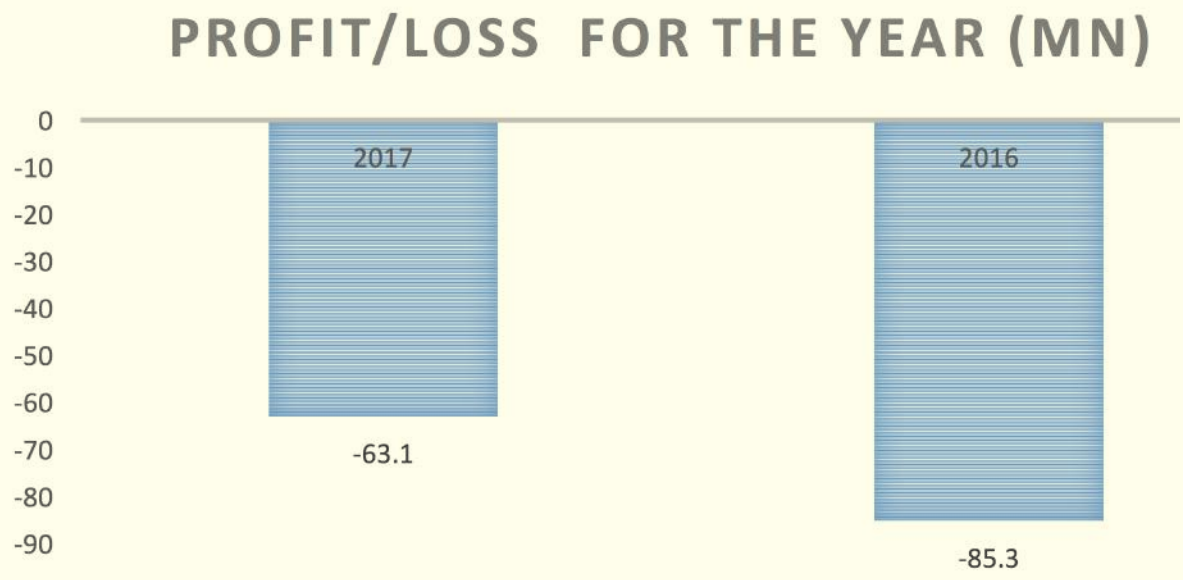
Dr. James Ndahiro
Chairman

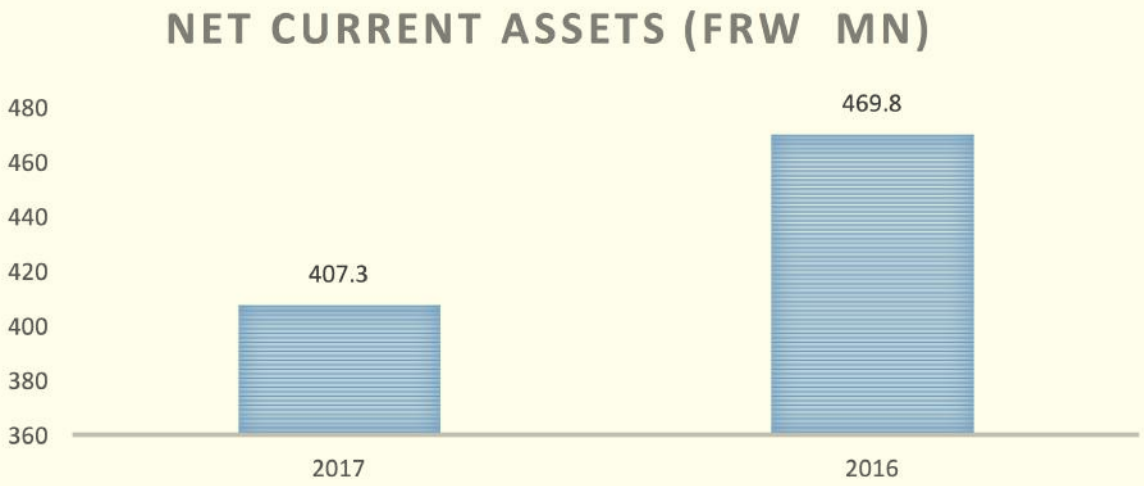
MANAGEMENT

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

	Names	Positions
1	Mr. Pierre Celestin RWABUKUMBA	Chief Executive Officer
2	Ms. IRIBAGIZA Alice	Head of Administration and Finance
3	Mr. TWAGIRA Robert	Head of Operations and IT
4	Mr. MITALI David	Operations Officer
5	Mrs. RUTERA UWASE Liliane	Executive Assistant
6	Ms. Grace TWAGIRA	Client Relations Officer
7	Mr. MUNYANEZA Joseph	Financial Analyst

1. Financial Highlights



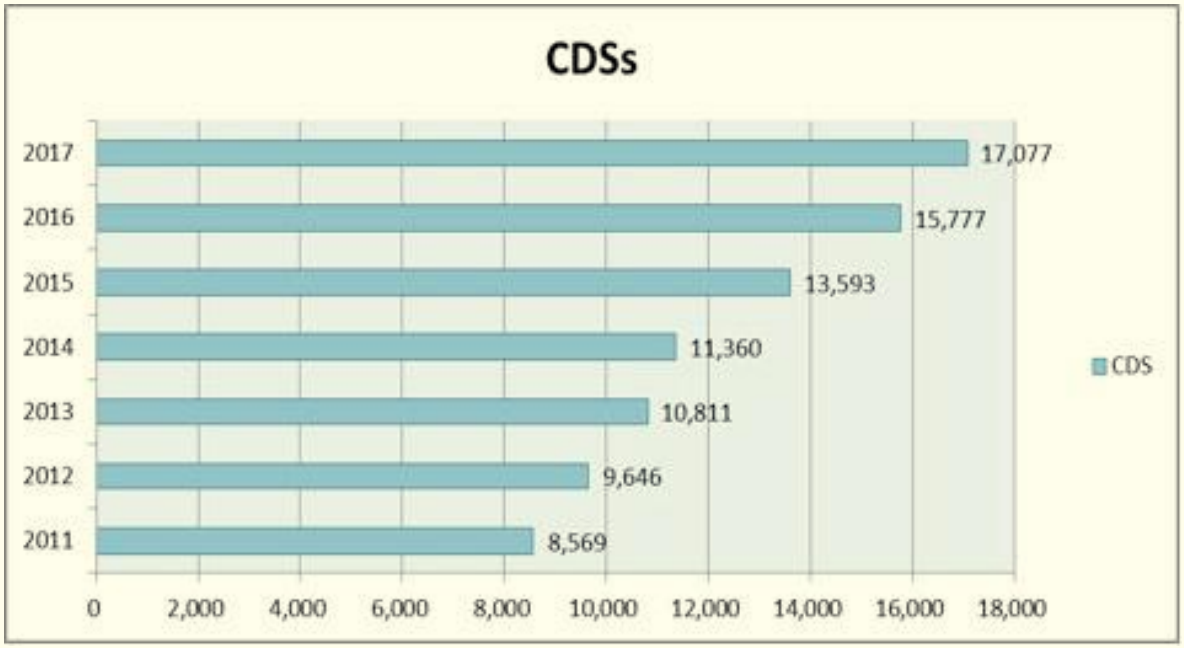


2. Market performance

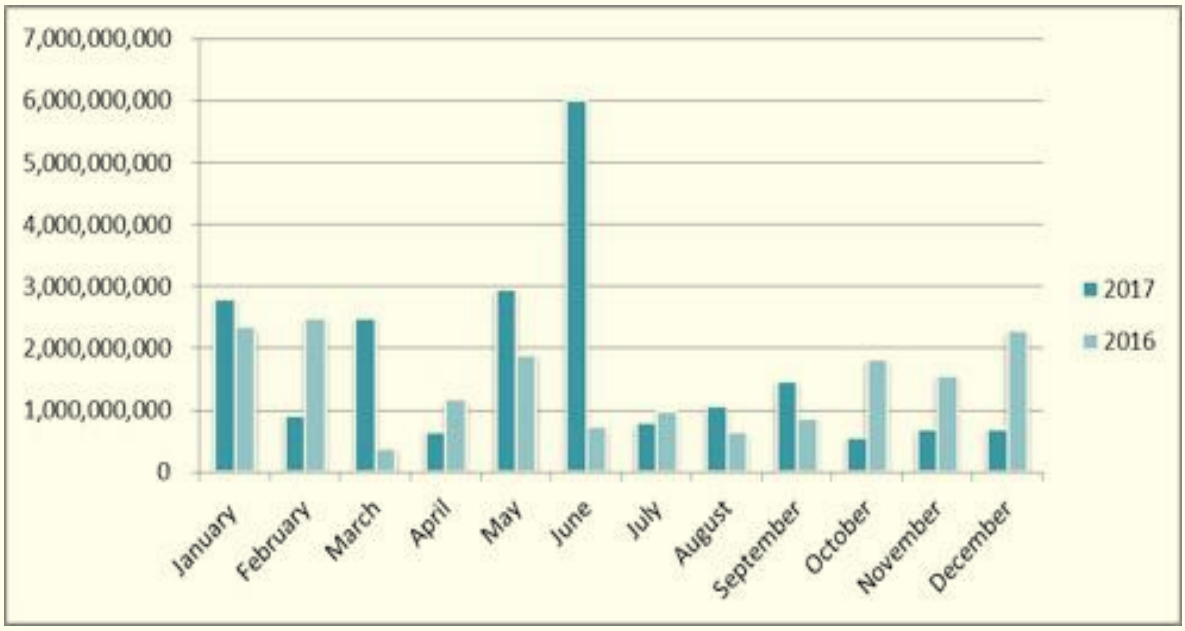
a. Rwanda Shares Index (RSI)

b. All Shares Index (ALSI)

C. Market participation by end of 2017



D. Comparison turnover between 2016-2017



Finance minister Claver Gatete (C) sounds a bell during the listing of I&M Bank Rwanda on the Rwanda stock exchange as guests look on.

2. ECONOMICS OUTLOOK

2.1. Global Economic outlook

According to IMF estimates, the global economy maintained a positive momentum in 2017 relative to 2016, buoyed by strong consumer confidence which supported investment, consumption and global trade. Real GDP growth for 2017 was estimated at 3.7 percent, higher than 3.2 percent recorded in 2016. Positive growth prospects are expected to continue in 2018 and, global growth projection revised up to 3.9 percent, 0.2 percent higher than October 2017 forecast.

2.2. Emerging Markets

Growth for emerging and developing economies improved to 4.7 percent in 2017 from 4.4% in 2016 and is projected at 4.9 percent in 2018. In China, GDP grew by 6.8 percent in 2017 from 6.7 percent in 2016, as a result of strong consumption and a rebound in investment as well as in industrial production. However, Chinese growth is expected to slow to 6.6 percent in 2018, due to slowing exports and government's regulatory tightening in the financial sector.

2.3. Sub Saharan Africa and EAC

South of the Saharaeconomic growth increased from 1.4 perecnt in 2016 to to 2.7 percent in 2017 and is projected to reach 3.3 percent in 2018 following a recovery in commodity prices that has helped oil exporting countries like Angola and Nigeria, and improving weather conditions that have eased pressures on the agriculture sector.

In the mean time, growth in the East African Community (EAC) continued its resilienceresilient in 2017 despite facing some challenges related to bad weather. Growth for Kenya, Rwanda and Tanzania remained robust, though below their 2016 levels.

2.4. The Rwandan Economy outlook

The economy grew by 6.1 percent in 2017 beating original expectations of 5.2 percent for the year and dismal performance in the first quarter and second which went was 1.7 percent and 4.0 pwercent, respectively. This was mainly on the back of improved agricultural performance linked to good weather conditions.

The good performance of the Rwandan economy observed in 2017Q3 continued in 2017Q4 especially as evidenced by the leading indicators of economic activities was observed in the composite index of economic activities (CIEA) which increased, in real terms, by 16.4 percent from 12.4 percent in 2017Q3 and 6.5 percent in 2016Q4. Total turnovers of industry and service sectors rose by 19.3 percent in 2017Q4, higher than 6.9 percent registered in the same period of 2016.

The good performance in total turnovers was mainly driven by the service sector, with a share of 74.1 percent, increasing by 17.3 percent in 2017 from 11.0 percent registered in the previous year. The sector's performance is mainly attributed to the wholesale and retail trade (26.1 percent), transport and storage (16.7 percent), petroleum products (15.4 percent), as well as financial and insurance activities (11.1 percent).(BNR, Monetary policy and financial stability, 2017)

3 . MARKET PERFORMANCE

On the Rwanda Stock Exchange (RSE), equities trading activities went up compared to the same period of 2016 due to the listing of I&M Bank, Bralirwa Ltd performance (Share price recovery) and good participation of investors in the bond market. Bank of Kigali Ltd was the most active counter followed by Bralirwa Ltd in terms turnover and transactions.

3.1. Primary Market

During the period under review the government of Rwanda issued four Treasury Bonds two for 5 years and other two for 7 years with a face value of Frw 40 billion and subscribed at 113%; 209%; 102% and 178.4% respectively.

On the equities primary market, there was a new Initial Public offering (IPO) of I&M Bank Ltd, the oldest commercial bank in Rwanda where the government of Rwanda was offloading its stake of 99,034,000 shares to the public at an initial price of Frw 105.

3.2. Secondary market

3.2.1 Bond market

During the period under review, 4 Government Treasury bonds with a face value of Frw 40 billion were issued and listed on RSE fixed income trading board. The secondary market for bonds registered a turnover of Frw 5.1 billion traded in 179 transactions. This translated into an increase of 218.7% and 80.8% in terms worth of bonds traded and number of transactions compared to the same period of 2016.

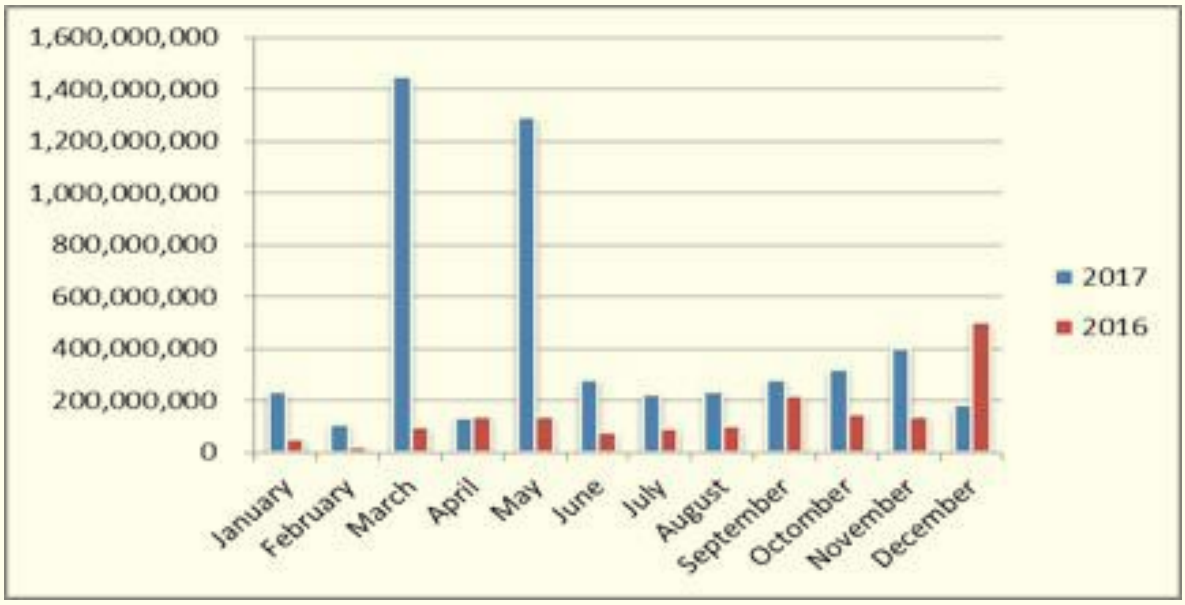


Figure 1: RSE,2017

The equities market recorded a total turnover of Frw 15.8 billion from 98.4 million of shares traded in 903 transactions and rose 2.6% in turnover compared to Frw 15.4 billion recorded in the same period the previous year of 2016.

Comparison for market total turnover 2016-2017

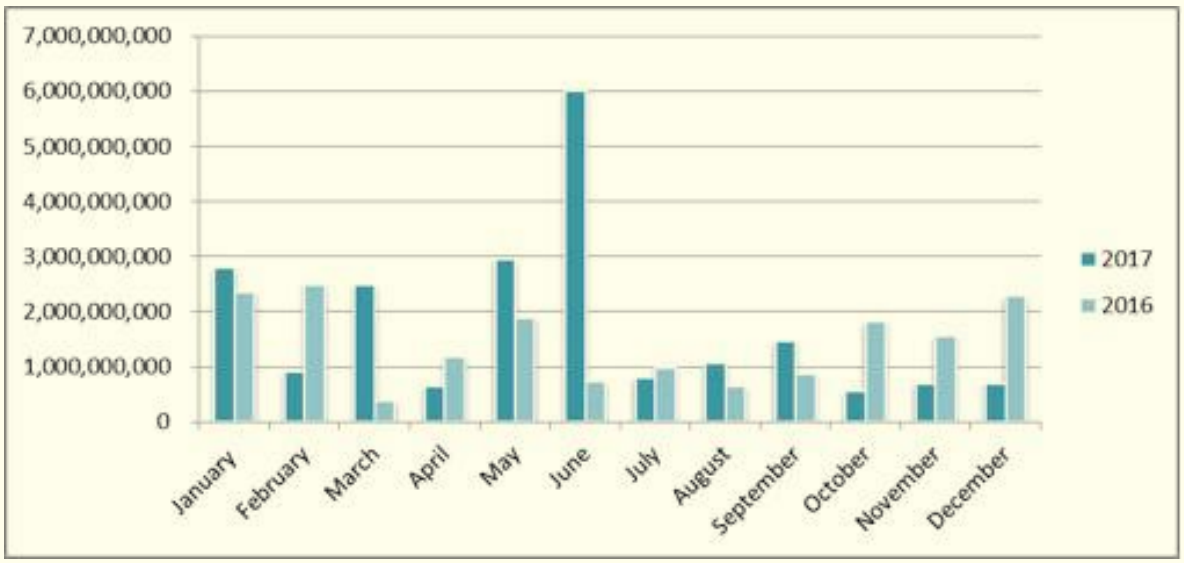


Figure 2: RSE,2017

3.3 RSE indices

From January to December, 2017 the All Share Index (ALSI) went up 4.8% to close at 133.48 points and Rwanda Share Index (RSI) went up 12.9 % to close at 135.38 points.

RSE Rwanda Share Index (RSI

Figure 3: RSE,2017

RSE All Share Index (ALSI)

Figure 4: ALSI, 2018

3.4 Market Capitalization

By end of December, market capitalization stood at US$ 3.47 billion, up from $3.3 billion at the close of 2016.

3.5 Investors participation

As of December, 2017 there were 17,077 active investors recorded and domestic investors were 81%; other East Africans 16% and 3% were international. This translated into an increase of 7.9% in terms of new investment accounts opened from January, 2017.

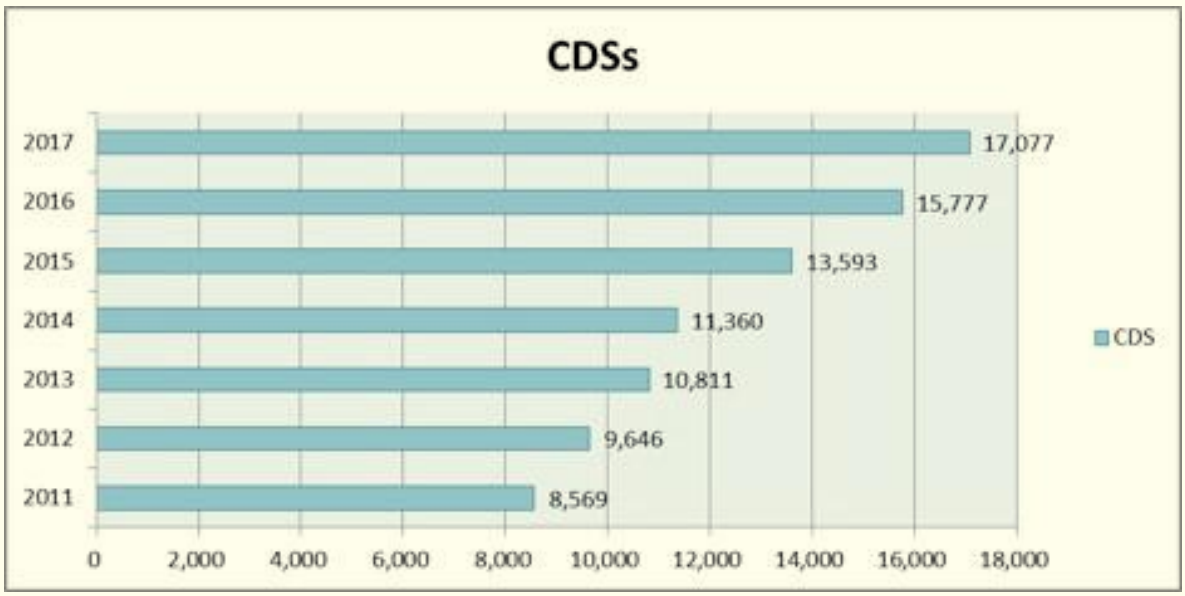


Figure 5: Market participation, 2017

4. ACTIVITIES REPORT

4.1 Public education and awareness

Rwanda Stock Exchange (RSE) conducted public education sessions in different public and private organizations through seminars, meetings presentations, radios and TV talks as follows:

A. RSE did a number of public education campaigns as follows:

a) Participated in Government bonds issuance program through roadshows, one on one meetings, on Radios and TV live talks.

b) Participated in I&M Bank IPO roads shows from 14th February up to the close of IPO on 10th March, 2017.

c) Participated in the 2nd Annual Botswana Stock Exchange Listing & Investment Conference on 09th March, 2017.

d) Participated in the East Africa Property Summit and East Africa Islamic Finance Summit held in Nairobi-Kenya and participated in M-Akiba launch at the same time.

e) Participated in United Nations-Sustainable Stock Exchange (UN-SSE) consultative group calls in February, May, September and November, 2017.

f) Participated in 2 days workshop Charted Institute of Securities and Investment (CISI) in collaboration with CMA.

g) Trained 21 interns from High Learning Institutions and Universities in Rwanda and abroad.

h) Hosted and participated in the Global Money week initiative in collaboration with AISEC on 27th March, 2017 and more than 52 students from High schools participated in the ringing of the bell ceremony at the RSE trading floor.

i) Organized University Challenge competition, 2017 in partnership with CMA

j) Organized SITI trainings in partnership with the University of Technology and Arts of Byumba (UTAB) 26 students passed a certification exam of Securities Industry and Training Institute (SITI)-East Africa.

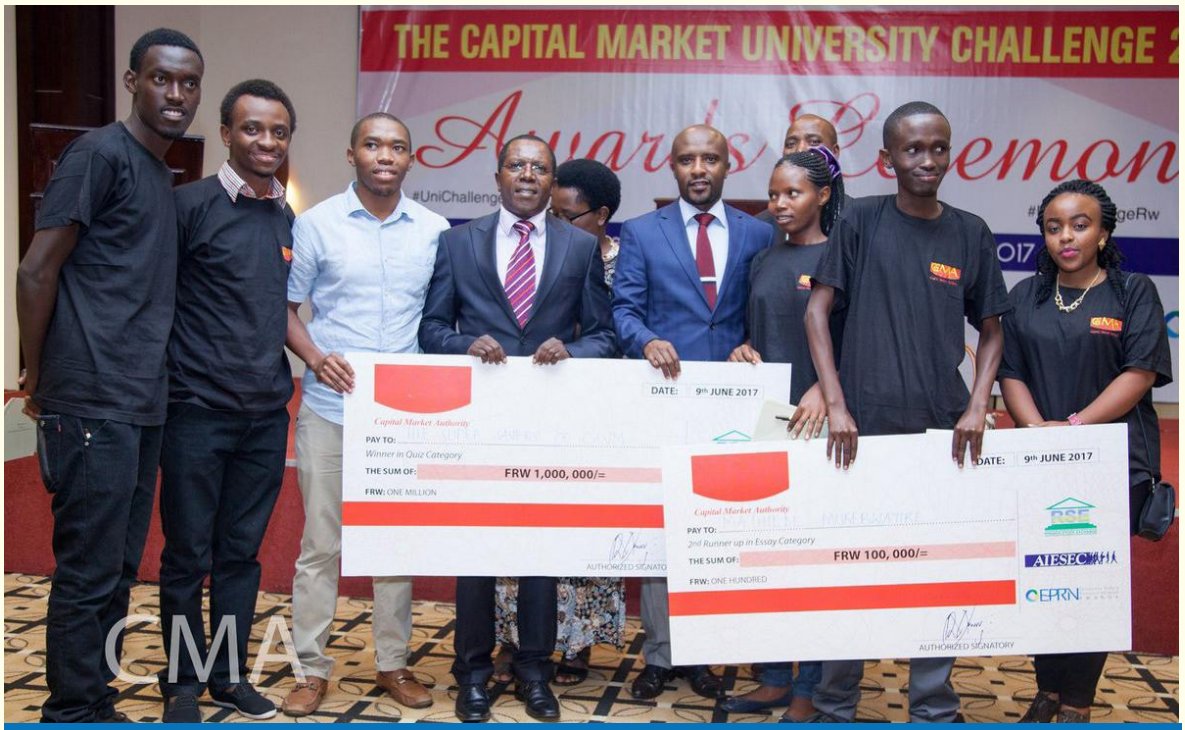
k) Hosted the Ringing the bell on Gender Equality 2017 ceremony on 03rd March, 2017 under the UN-Sustainable Stock Exchanges Initiative (SSE) in partnership with UN Women, IFC, WFE and UN-Global Compact.

l) Hosted 74 students from the college of staff command (UR) in the faculty of Law and INES-Ruhengeri.

m) Hosted 86 students from Byimana High school and Kiramuruzi Secondary school.

n) In collaboration with UPA Rwanda Ltd; RSE organized a three days workshop on global financial market.

Secondary Students from Lycée de Kigali Innaugurating the Global Money Week



Capital Market University Challenge competition,2017

The Ringing of the bell on Gender Equality, 2017

Participation in the Genocide Memorial Tennis Tournement, 2017

RSE, CMA, ICPAR and EAX visited Murambi South Province memorial site of Genocide against Tutsi in 1994

Signing of a Memorandum of Understanding with Chartered Financial Analyst (CFA) Institute

4.2 Capacity building

RSE staff members participated in different workshops, seminars and conferences at home and out of the country in the following areas:

a) Fixed income securities focusing on fixed income fundamentals,
b) Fundamentals of inflation,
c) Trading strategies and market risks among others.
d) Real Estate Investment Trust (REITs)
e) Global Financial markets

4.3 Information and Technology

Rwanda Stock Exchange has continued to invest in Information and Technology for software and hardware infrastructure.

The automation agenda continued to be a priority and its implementation process is in the final stages.

4.4 Corporate Social responsibility (CSR) activities

Corporate Social Responsibility is the continued commitment by businesses to behave ethically and contribute to the economic development while improving the quality of lives of workforce and their families as well as of the local community and society in general. Under CSR, the Rwanda Stock exchange staff together with CMA, ICPAR, RNIT and all brokerage houses contributed to the families of Murambi memorial genocide servivors.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Rwanda Stock Exchange is responsible for carrying out financial securities market operations.

RESULTS

	2017 Frw	2016 Frw
Profit/(loss) before tax	(57,362,391)	(85,306,537)
Tax	(5,797,430)	-
Profit for the year	**(63,159,821)**	**(85,306,537)**

DIVIDEND

The directors do not recommend the declaration of dividend for the period 2017

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

AUDITORS

The company's auditors, MN & Associates were appointed during the year 2016 and continue in office in accordance with Law No. 27/2017 0f 31/05/2017 relating to companies.

BY ORDER OF THE BOARD

_____
DIRECTOR
KIGALI

_____ 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Law No. 27/2017 0f 31/05/2017 relating to companies requires the directors to prepare financial statements 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 the results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose with reasonable accuracy the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous year, and in conformity with International Financial Reporting Standards (I.F.R.S. for S.M.Es) and the requirements of law No. 27/2017 0f 31/05/2017 relating to companies. 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 as at 31st December 2017 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the company which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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.

Approved by the board of directors on _____ 2018 and signed on its behalf by:

_____ **DIRECTOR**

_____ **DIRECTOR**

5. REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD MEMBERS OF RWANDA STOCK EXCHANGE

Opinion

We have audited the accompanying financial statements of Rwanda Stock Exchange set out on pages 6 to 19 which comprise the statement of financial position as at 31 December 2017, the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith give a true and fair view of the financial position of Rwanda Stock Exchange as of 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for small and medium-sized entities (IFRS for SMEs) in the manner required by law No. 27/2017 0f 31/05/2017 relating to companies.

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 Rwanda Stock Exchange in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibility for the financial statements

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards SMEs and the requirements of Law no. 27/2017 0f 31/05/2017 relating to companies. 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 Responsibilities for the Audit of the Financial Statements

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

Professional skepticism as part of an audit in accordance with ISAs, we exercise professional judgement and maintain 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 procedure 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 the 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 fund's ability to continue as a going concern. If we conclude that a material uncertaininty 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 fund 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

As required by the Law no. 27/2017 0f 31/05/2017 relating to companies in Rwanda we report to you, based on our audit, that:

(i) We have no relationship, 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; and
(iv) The company's statement of financial position and comprehensive income statement are in agreement with the books of accounts.

Michael Maina
Partner
M N & Associates
Certified Public Accountants
Kigali, Rwanda.

COMPREHENSIVE INCOME STATEMENT

	Notes	2017 Frw	2016 Frw
Revenue	1	392,174,219	301,521,208
Other Income	2	12,549,108	156,046,593
Operating expenses		(446,890,639)	(528,471,616)
Depreciation		(15,195,079)	(14,402,722)
Operating profit/(loss)	3	(57,362,391)	(85,306,537)
Tax	6	(5,797,430)	-
Profit/(loss) for the year		(63,159,821)	(85,306,537)

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

STATEMENT OF FINANCIAL POSITION

	Notes	2017 Frw	2016 Frw
CAPITAL EMPLOYED			
Share capital	7	100,000,000	100,000,000
Retained earnings		63,016,225	125,595,549
Shareholders' funds		163,016,225	225,595,549
Grant	10	244,302,868	244,302,868
		407,319,093	**469,898,417**
REPRESENTED BY			
Non-current assets			
Property,Plant & Equipment	8	9,842,716	23,352,151
Long-term Investment Bonds	9	30,500,000	30,500,000
		40,342,716	53,852,151
Current assets			
Cash and cash equivalents	11	39,829,429	181,336,080
Short Term Investments	9	100,000,000	36,500,000
Trade and other receivables	12	377,295,233	364,381,294
Recoverable income tax	6	12,258,007	14,197,491
		529,382,669	596,414,865
Current liabilities			
Trade and other payables	13	162,406,292	180,368,599
Tax payable	5	-	-
		162,406,292	180,368,599
Net current assets		366,976,377	416,046,266
		407,319,093	**469,898,417**

The financial statements on pages 6 to 19 were approved for issue by the Board of Directors on _____ 2018 and were signed on its behalf by:

_____ DIRECTOR _____ DIRECTOR

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

STATEMENT OF CHANGES IN EQUITY

	Share capital Rwf	Retained earnings Rwf	Grant Rwf	Total Rwf
Period ended 31st December 2016				
At start of year	100,000,000	210,902,087	244,809,985	555,712,072
Grant transfers	-	-	-	-
Amortisation of grant	-	-	(507,117)	(507,117)
Profit for the year	-	(85,306,537)	-	(85,306,537)
At end of year	**100,000,000**	**125,595,550**	**244,302,868**	**469,898,418**
Period ended 31st December 2017				
At start of year	100,000,000	125,595,851	244,302,868	469,898,719
Adjustment to opening	-	580,195	-	580,195
Amortisation of grant	-	-	-	-
Profit for the year	-	(63,159,821)	-	(63,159,821)
At end of year	**100,000,000**	**63,016,225**	**244,302,868**	**407,319,093**

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

CASH FLOW STATEMENT

	Notes	2017 Frw	2016 Frw
Operating activities			
Cash generated from operations	14	(72,463,363)	60,290,208
Tax paid		(3,857,946)	(7,983,489)
Net cash generated from operating activities		(76,321,309)	52,306,719
Investing activities			
Purchase of equipment	8	(1,685,000)	(13,072,131)
Long-term Bonds	9	(63,500,000)	-
Net cash (used in) investing activities		(65,185,000)	(13,072,131)
Financing activities			
Grants	10		(507,118)
Net cash (used in) finacing activities		-	(507,118)
Increase/(decrease) in cash and cash equivalents		**(141,506,309)**	**38,727,470**
Movement in cash and cash equivalents			
At start of year		181,335,738	142,608,268
Increase/(decrease) in cash and cash equivalents		(141,506,309)	38,727,470
At end of year	**11**	**39,829,429**	**181,335,738**

The significant accounting policies on pages 10 to 12 and the notes on pages 13 to 19 form an integral part of these financial statements.

Report of the independent auditors - pages 4 and 5.

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 the years presented, unless otherwise stated.

a) **Basis of preparation**

The financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards (IFRS for SME's).

b) **Revenue recognition**

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

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

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 the company's activity 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.

c) **Equipment**

All 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 the income statement during the financial year in which they are incurred.

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

	Rate %
Furniture & fittings	25
Equipments	25
Computers	50

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

d) **Translation of foreign currencies**

Transactions in foreign currencies during the period are converted into Rwandese Francs (the functional currency) at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which 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 with in the income statement in the period in which they arise.

e) **Financial assets**

The company's financial assets which includes cash and cash equivalents and trade and other receivables fall into the following category:

- **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 balance sheet date. All assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the income statement.

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

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost 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 taken into account for determining operating profit.

f) **Financial liabilities**

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities.

g) **Retirement benefit obligations**

The company and its employees contribute to the "Rwanda Social Security Board", a statutory defined contribution scheme. The contributions are determined by the local statute and are currently limited to 5% of the employees gross salary excluding transport allowance per month. The company's RSSB contribution are charged to the income statement in the year to which they relate.

h) **Government Grants**

Government grants are recognized when 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 amortised over the expected useful life of the asset.

i) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of trade receivables is recognised in the income statement under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The impairment provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate.

Receivables not collectible are written off against the impairment provision. Subsequent recoveries of amounts previously written off are credited to the income statement under administrative expenses in the year of their recovery.

j) **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, and financial assets with maturities of less than 3 months, net of bank overdrafts and money market lines.

k) **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

l) **Taxation**

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

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

m) **Share capital**

Ordinary shares are classified as equity.

n) **Comparatives**

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

NOTES TO THE FINANCIAL STATEMENTS

	2017 Frw	2016 Frw
1. Revenue		
Transaction levies	49,474,219	44,821,208
Membership fees	3,200,000	3,200,000
Listing fees	339,500,000	253,500,000
Total revenue	**392,174,219**	**301,521,208**
2. Other income		
Interest on short-term investments	9,782,866	11,028,586
Grants	-	20,816,137
Income from tenders	-	80,000
ASEA Income	325,435	120,856,262
Exchange Gains	642,805	1,998,999
Suspense Account Write Off	-	1,250,000
Other Income	1,798,002	16,609
	12,549,108	**156,046,593**
3. Operating profit		
The following items have been charged/(credited) in arriving at operating profit/(loss):		
Depreciation on equipment (Note 8)	15,195,079	(85,306,537)
Staff costs (Note 4)	205,817,639	188,994,765
Auditors' remuneration	2,773,000	2,773,000
4. Staff costs		
Salaries and wages	205,817,639	188,994,765
5. Tax		
Current tax (recoverable)	12,258,007	(14,197,491)

		2017 Frw	2016 Frw
6.	**Tax (Continued)**		
	The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
	Profit before tax	**(57,362,391)**	**(85,306,537)**
	Tax effect of:		
	- expenses not deductible for tax purposes	76,687,158	33,238,847
	Recalculated Profit before tax	**19,324,767**	**(52,067,690)**
	Tax calculated at a tax rate of 30% (2015: 30%)	5,797,430	-
	Less prepaid income tax	(18,055,437)	(14,197,491)
	Tax payable/recoverable	**(12,258,007)**	**(14,197,491)**
7.	**Share capital**		
	Authorised, issued and fully paid: 1,000,000 ordinary shares of Rwf 100 each	100,000,000	100,000,000

8. **Property, Plant & Equipment**

Year ended 31 December 2017

	Communication equipment Rwf	Computers & I.T. Rwf	Office furniture Rwf	Total Rwf
Cost				
At start of year	1,166,000	26,033,700	23,601,216	50,800,916
Additions	60,000	1,625,000		1,685,000
At end of year	**1,226,000**	**27,658,700**	**23,601,216**	**52,485,916**
Depreciation				
At start of year	882,875	12,628,491	13,936,755	27,448,121
Charge for the year	230,000	10,732,005	4,233,074	15,195,079
At end of year	**1,112,875**	**23,360,496**	**18,169,829**	**42,643,200**
Net book value	**113,125**	**4,298,204**	**5,431,387**	**9,842,716**

Year ended 31 December 2016

	Communication Rwf	Computers Rwf	Office furniture Rwf	Total Rwf
Cost				
At start of year	1,166,000	14,136,400	22,425,741	37,728,141
Additions	-	11,897,300	1,174,831	13,072,131
At end of year	**1,166,000**	**26,033,700**	**23,600,572**	**50,800,272**
Depreciation				
At start of year	591,375	4,236,083	8,217,940	13,045,399
Charge for the year	291,500	8,392,408	5,718,814	14,402,722
At end of year	**882,875**	**12,628,491**	**13,936,755**	**27,448,121**
Net book value	**283,125**	**13,405,209**	**9,663,817**	**23,352,151**

		2017 Rwf	2016 Rwf
9.	**Investments**		
(a)	**With Maturity of over 12 Months**		
	IFC Long-term Bond	21,969,400	21,969,400
	Treasury Bond	8,530,600	8,530,600
		30,500,000	**30,500,000**
(b)	**With Maturity less than 12 Months**		
	Treasury Bond	-	36,500,000
	Term Deposit	100,000,000	
		100,000,000	**36,500,000**
	Total Investments	**130,500,000**	**67,000,000**
10.	**Grant from CMA for equipment & software**		
	Balance as at 1st January	244,302,868	244,809,985
	Transfer from Treasury during the year	-	-
	Amortisation	-	(507,117)
	Balance as at 31st December	**244,302,868**	**244,302,868**

Amortisation of grant equipment

	Communication equipment	Computers & I.T. equipment	Office furniture	Total
Cost				
At start of year	2,750,000	12,153,936	45,931,500	60,835,437
At end of year	**2,750,000**	**12,153,936**	**45,931,500**	**60,835,437**
Amortisation				
At start of year	2,750,000	12,153,936	45,931,500	60,835,437
Charge for the year				-
At end of year	**2,750,000**	**12,153,936**	**45,931,500**	**60,835,437**
Net book values	**-**	**-**	**-**	**-**

11. **Cash and cash equivalents**

BK Rwf 0465317-41	20,858,626	75,130,651
BK Rwf 0319985-15	-	29,082,000
BK 00040-0699804-18 USD	18,512,932	836,988
BK 00040-06929148-08 USD(ASEA)	-	66,117,695
BPR Account/Rwf-400416419810291	456,631	10,050,146
Petty cash Rwf	1,240	118,600
	39,829,429	**181,336,080**

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise of the above

The company is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

12. **Trade and other receivables**	**2017**	**2016**
	Frw	**Frw**
Faida	683,161	869,684
African Alliance	741,235	1,039,225
CDH	853,969	1,752,234
Baraka Capital	396,647	636,389
Mbea	129,200	46,259
Dyer & Blair	111,403	111,403
SBG	1,360,151	3,591,819
Renaissance Capital-Kenya		320,000
BK Securities	108,348	1,287,709
BNR	14,250,000	54,250,000
IFC		7,500,000
Equity Bank Group	3,000,000	3,000,000
Capital Markets Authority		2,475,000
AGACIRO	2,080,000	2,080,000
RNIT	1,000,000	1,000,000
Uchumi Supermarket	40,000,000	20,000,000
Core Securities	573,203	573,297
I&M Bank	81,000,000	-
I&M Bank interest receivable (July to Dec 2017)	4,250,000	
Business Development Fund	320,000	-
Rent deposit	13,377,598	13,280,598
Provision for bad debt (Uchumi)	(40,000,000)	
Subtotal	**124,234,915**	**113,813,617**
ETP (Electronic Trading Platform)	248,155,050	248,155,050
ASEA Registration Fees Receivable		1,269,360
Prepaid Sage License Fees	246,500	237,220
Prepaid Health Insurance	4,658,768	
Prepaid Mail and Web Hosting		295,000
Prepaid ASEA Registration		611,048
Subtotal	**253,060,318**	**250,567,678**
	377,295,233	**364,381,294**

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

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

Trade receivables that are over one month due are considered past due.

13. **Trade and other payables**		
BNR/CDSC	102,459,039	83,528,025
Compensation fund	50,986,751	42,583,148
Event Factory Company	-	14,474,000
Marriot Hotel	-	1,771,200
Serena Hotel	-	28,464,800
Payable controle	-	580,196
TPR payable	4,953,257	4,103,492
RSSB payable	1,234,245	1,027,182
Accrued Staff Health Insurance	-	1,063,556
Accrued audit fees	2,773,000	2,773,000
	162,406,292	**180,368,599**

In the opinion of the directors, the carrying amounts of trade and other payables approximate

14. **Cash generated from operations**	**2017 Rwf**	**2016 Rwf**
Reconciliation of profit before tax to cash generated from operations		
Profit before tax	(57,362,391)	(85,306,537)
Adjustments for:		
Depreciation on equipment (Note 8)	15,195,079	14,402,722
Amortisation of grant equipment(Note 10)	-	507,117
Prior period adjustment	580,195	
Interest expense		
Net foreign exchange (losses)		
Changes in working capital:		
- trade and other receivables	(12,913,939)	90,021,295
- trade and other payables	(17,962,307)	40,665,610
Cash generated from operations	**(72,463,363)**	**60,290,207**

15. i) There were no contingent liabilities as at 31 December 2017.

ii) **Operating lease commitments**
There were no operating lease commitments as at 31 December 2017.

16. **Risk management objectives and policies**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including 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 board of directors. The board identifies, evaluates and hedges financial risks in close co-operation with various staff in the organisation.

(a) **Market Risk**
- *Foreign exchange risk*

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US$. The risk arises from assets and liabilities in the balance sheet.

(b) **Credit risk**

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

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

None of the financial assets that are fully performing has 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 and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

17. **Capital management**

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- 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 adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital and retained earnings).

18. **Country of incorporation**

The company is incorporated in Rwanda under the company law of Rwanda and is domiciled in Rwanda.

19. **Presentation currency**

These financial statements are presented in Rwandan Francs (Frw).

NOTES TO THE FINANCIAL STATEMENTS

		Frw	Frw
1.	**OPERATING EXPENSES**		
	Travelling expenses	35,127,173	37,682,945
	Board members allowances	44,826,832	30,806,002
	Audit fees -Current year	2,773,000	2,773,000
	Rent	49,580,640	48,378,028
	Entertainment	3,254,090	2,337,380
	Corporate Social Responsibility costs	950,000	2,351,000
	Advertisement	15,762,384	38,316,145
	Office utilities	5,904,500	6,041,190
	Communication and Hosting Fees	11,592,367	12,071,410
	Capacity building	6,186,655	12,103,474
	Consultancy	9,490,000	5,310,000
	Staff costs	205,817,639	188,994,765
	Staff Health&Sports activities	4,000,000	4,000,000
	General expenses	5,479,884	5,764,277
	Health insurance	3,325,516	2,234,806
	Bank Charges	1,071,702	1,870,706
	Bad debts provision	40,000,000	
	Computer and I.T Expenses	1,137,220	663,610
	ASEA Costs	611,036	126,772,878
	Total operating expenses	**446,890,639**	**528,471,616**

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