

Annual Report & Financial Statements

2013



Our Vision

To be a key contributor to Rwanda becoming a competitive financial centre through mobilization of long- term capital.

Mission

To nurture wealth by facilitating the development of an orderly, fair, transparent and efficient capital market.

Core Values

Good Governance, Knowledge, Creativity and Innovation.



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10/12/2013

Amb. Claver Gatete
Minister of Finance and Economic Planning
KIGALI

Dear Honourable Minister,

Re: Submission of 2012/2013 Annual Activity and Financial Report

I have the honour to submit the annual report of the Capital Market Authority for the financial year that ended 30th June 2013. The report has been prepared in accordance with the provisions and requirements of Article 17 of the Law N° 11/2011 of 18/05/2011 establishing the Capital Market Authority.

Please be assured Honourable Minister, of our continued appreciation of your cooperation.

Yours Sincerely,
CAPITAL MARKET AUTHORITY



Robert Mathu
EXECUTIVE DIRECTOR

AUTHORITY

Capital Market Authority

BCR

Banque Commerciale du Rwanda

BK

Bank of Kigali

BNR

Banque Nationale du Rwanda (Central Bank)

BRALIRWA

Brasserie et Limonaderie du Rwanda

CEO

Chief Executive Officer

CMA

Capital Market Authority

CSD

Central Securities and Depository

EAC

East African Community

EASEA

East African Securities Exchanges Association

EASRA

East African Securities Regulatory Authorities

EDPRS 2

Economic Development and Poverty Reduction Strategy

GoR

Government of Rwanda

IFC

International Finance Corporation

IMF

International Monetary Fund

IOSCO

International Organization of Securities Commission

IPO

Initial Public Offer

IPSAS

International Public Sector Accounting Standards

KCB

Kenya Commercial Bank

MINECOFIN

Ministry of Finance and Economic Planning

MINICOM

Ministry of Trade and Industry

MoU

Memorandum of Understanding

NMG

Nation Media Group

OTC

Over The Counter

RDB

Rwanda Development Board

RSE

Rwanda Stock Exchange

RSSB

Rwanda Social Security Board

SORAS

Société Rwandaise d' Assurance

Members of the Board

Mr. Marc Rugenera
Ms. Molly Rwigamba
Mr. Gregorie Muramira
Mrs. Henriette Zimulinda
Mr. Vincent Munyeshyaka
Mrs. Yvonne Mukankuranga
Dr. Daniel Ufitikirezi
Mr. Robert Mathu

Chairman
Vice Chairperson
Member
Member
Member
Member
Member
Executive Director

Physical location and address:

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Avenue de la paix,
P. O. Box 6136,
Kigali, Rwanda
Telephone: (+250) 252500332/5
E-mail: info@cma.rw
Website: www.cma.rw

Auditors

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



Mr. Marc Rugenera, Chairman

It is my great pleasure to present the Authority's Annual Report for the year ended 30th June 2013.

Economic Overview

In the year 2012/2013, despite global uncertainties, the Rwandan economy maintained its good performance recording a real Gross Domestic Product (GDP) growth of 6.8 percent to which the service sector contributed 3.6 per cent.

It is anticipated that this good performance will continue in view of a continued stable macroeconomic environment, infrastructure facilities and consolidation of the financial sector to mobilize development finance, regional economic integration and increased investments by both public and private sectors.

Policy Environment

The government has continued to support an enabling environment for the development of the capital market through opportunities presented by development plans. Capital market is one of the emerging opportunities for economic transformation in the second Economic Development and Poverty Reduction Strategy.

Role of Capital Markets in the Economy

The development of a vibrant capital market remains a fundamental component of the country's socio-economic development goals. The key role of the capital market is to contribute in providing long-term resources for productive investment to accelerate growth and alleviate poverty.

When its full potential is realized, the capital market will be a source of funding for infrastructure development such as roads, water and sewer systems, housing, energy, telecommunications and public transport thus creating a great socio-economic benefit and assisting the government in its efforts to close the resource gap in financing essential socio-economic development projects.

The capital market will also serve as an important gateway to Rwanda by encouraging global investors and foreign direct investments (FDI). Further, the capital market provides avenues for investment opportunities thereby encouraging a thrift culture and increasing domestic savings and investment ratios essential for supporting growth.

The capital market encourages broader ownership of productive assets by small savers to enable them benefit from Rwanda's economic growth and wealth distribution.

Strategic Objectives

To achieve its strategic objectives in line with National Economic Development and Poverty Reduction Strategy, the Authority pursued the following initiatives:

Legal and regulatory framework

The Board took notice of the urgent need for the enhanced regulatory framework to support capital market development and approved seven (7) regulations out of which three(3) were published in the official gazette in the year under review. The Board also facilitated the enactment of Law No 20/2013 of 25/03/2013 regulating the creation of trusts and trustees.

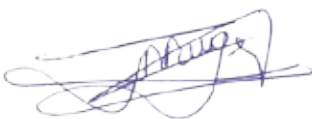
Investor education

Investor protection remains the Authority's key priority in the development of the capital markets. We believe the best form of protection is through dedicating resources to investor education and awareness activities. An informed investing public aware of risks and their rights and with access to timely and reliable information is a better investment decision maker. During the year under review we conducted a number of public education and awareness programs in form of workshops, print media articles, radio and television shows, and the annual University Challenge 2013.

Regional Integration

At the regional front, the Authority continues to play a crucial role in facilitating faster integration of capital market within the framework of the EAC through EASRA. A lot of progress has been made toward harmonizing the policy and legal framework to enable Rwandan investors operate freely within the East African Capital Markets. The integration offers opportunities for investing and raising capital anywhere in the EAC partner states.

In conclusion, on behalf of the Board of the Authority, I wish to acknowledge the direct support received from the Government through the Ministry of Finance and Economic Planning Cooperation from all our stakeholders. I also wish to express my gratitude to the management and staff of the Authority for their dedication, commitment and continued contribution in ensuring the Authority's objectives are achieved.



Mark Rugenera
[Chairman of CMA Board]



Mr. Robert Mathu, Executive Director

I am glad to forward this report on operations and performance of the Rwandan Capital Market during the year of 2012/2013.

In the period under review, the global economy was still weak, the global growth remained in low gear averaging to only 2.5% which was about the same pace as in the 2012 (IMF 2013 Oct). Despite the slow global economic growth, Rwanda's capital market was able to deliver good performance in tandem with good prospects for the Sub-Saharan economies. This may seem a disconnect; however, due to the size of the market and low correlation between Sub-Saharan financial markets and the advanced markets, the impact of economic disruptions could not be immediate.

It is for this reason that I believe there is a promising scope for the emergence of the relevance of Sub-Saharan African capital markets in contributing towards economic growth through mobilization of domestic, regional and international capital investors seeking to participate in the success of African economic performance. Capital markets have been significant contributors to the growth of economies over the last decade but the current trends clearly indicate that the capital markets have come of age to take advantage of the opportunities presented by the global events. Political stability and much higher governance structures have contributed to the feel good factor in the majority of African economies.

Market Performance

In the period under consideration, the primary market of both equity and debt did not record any transaction, however, there were products in the pipeline that would go to the market in the year 2013/2014. In the year under review the Government issued a sovereign bond worth USD 400 million which was oversubscribed by 650 percent. The bond has a maturity of ten years at a fixed interest rate of 6.875 percent well below 7.5percent initially expected. The massive oversubscription of the sovereign bond witnessed during the year is a strong vote of confidence for Rwanda's economy and the country. The annual equities turnover rose by 94% to reach a high of Frw 39.2 billion compared to Frw 20.2 billion registered in 2011/2012 while share traded increased by 2% to 124.2 million shares compared with 122.1 million shares traded in 2011/2012. The secondary market for debt instruments was quiet in the year under review.

Institutional Development

CMA assisted in the establishment of the Rwanda National Investment Trust (RNIT). The asset management company would be incorporated in the company registry and recruitment for its management would follow in due course.

Legal and Regulatory Framework

The Authority continues to support reforms to the capital markets legal and regulatory framework with the objectives of ensuring that the regulation is optimal as well as fosters the development of a vibrant capital markets industry in Rwanda. In the financial year 2012-2013, a complete set of 3 regulations was enacted to implement the capital market law of 2011. After the regulations were published, the Authority embarked on the stakeholders workshops to ensure the published regulations were implemented. That will be a continuous activity as it's the Authority's mandate to ensure effective regulation.

Public Education Program

Similar to other emerging markets, stock market investment is not a deeply entrenched culture in Rwanda. Investment and trading in shares is still seen more as a preserve of sophisticated investors. The Authority has therefore continued to promote public education awareness programme to sensitize the public on how to participate and also on the opportunities and risks involved in capital markets investments. This has encouraged an increased level of participation by the general public in capital market.

Human Capital Development

The Authority continues to invest in its most valuable asset, the human capital, in terms of training and skills development. During the course of the year, a number of staff members undertook courses both locally and abroad as part of our strategy to expose them to international capital markets best practices. The Authority will continue to review terms and conditions of service of its staff as part of continuing effort to attract and retain the best qualified staff and enhance their performance.

The Authority's Financial Position

The Authority's financial position is provided in the audited statements for the year that ended 30th June 2013.

Conclusion

We are glad to report that sufficient level of legal framework to support the emergence of a vibrant capital market has been developed. The Authority shall now start focusing its attention and resources on market development. In this connection, therefore, the Authority will seek to strengthen its compliance, enforcement, public education and awareness as well as information and communication infrastructure development.

We thank all our stakeholders in public and private institutions for the support we have continued to receive and look further to strengthen this cooperation in the years ahead. We extend our gratitude to the Board of Directors of CMA for their wise counsel and positive engagement during the year. I also commend the entire team at the Authority for the hard work and commitment throughout the year 2012/2013.



Robert Mathu
Executive Director

Under the CMA Act of 18th May 2011, The Authority's Board of Directors is the Governing and Decision making organ. It is responsible and accountable to the Government of Rwanda through the annual performance contract that the chairman of the board signs with the Hon. Minister of Finance and Economic Planning.

There are eight (8) members of the board all of whom, except the Executive Director, are non- Executive Directors.

The members possess a broad range of skills and competences, including legal, financial, banking, economics, insurance and management.

The Board meets quarterly and can meet as frequently as need rises within the confines of the law. The management under the Executive Director is responsible for the day-to-day administration of CMA activities and report to the Board during all board proceedings.

During the period under review the board was composed as follows:



Mr. Marc Rugenera,
Chairman

Mr. Rugenera is currently the Managing Director of Radiant Insurance Company. He is the former Managing Director of SORAS, a position he held for 12 years (2000-2012). He is a former Minister of Finance and Minister of Commerce, Industry and Tourism. He is also a former Managing Director of an Import and Export Company, and a Project Analyst with the Rwanda Development Bank.

He holds a Masters Degree in Business Engineering from Brussels – Belgium.



Ms. Molly Rwigamba,
Vice Chairperson

Ms. Rwigamba is a legal and Private Sector Expert with 12 years experience in Rwanda. She has interfaced with Government Officials in Rwanda on key policy issues affecting private sector development as well as advocated policy and legislative reform to create a more conducive environment for the Private Sector.

She is currently a partner and consultant at RR Associates & Co Advocates. She is the former Acting CEO of Rwanda Private Sector Federation and before that was a programmes officer at CEPEX and head of legal department at REMA, respectively. She sits on a number of Government boards representing the Private Sector.

She holds a Bachelors Degree in Law and a Masters Degree in International Co-operative Law.



Mr. Vincent Munyeshyaka,
Member

Mr. Munyeshyaka is currently the Permanent Secretary in the Ministry of Local Government (MINALOC). He is the former Executive Secretary of the Financial Sector Development Secretariat (FSDS) and before that, he was the Director of the Corporate Planning Unit, Ministry of Finance and Economic Planning and former Head of the Financial Market Development Section at the Central Bank of Rwanda.

He holds a DES-Diplome d' Etudes Superieures in banking from the Institut Technique de Banque, Paris, France and a Bachelors Degree in International Economics from the National University of Rwanda.



Mrs. Yvonne Mukankuranga, Member

Mrs. Mukankuranga is a lawyer and member of the Kigali Bar Association.

She holds a degree in Law from the National University of Rwanda.



Mr. Gregoire Muramira,
Member

Mr. Muramira is the Board Chairman of Ascoma Rwanda.

He is a former Deputy Director General of COGEBANQUE and former Senior Executive of National Bank of Rwanda. He sits on the boards of several private companies.

He holds a bachelors degree in Commercial Sciences and Finance from the Official University of the Democratic Republic of Congo



Mrs. Henriette Zimulinda,
Member

Mrs. Zimulinda is the Managing Director of Vision Services Ltd. She has formerly served as Chairperson of the Chamber of Women Entrepreneurs in Rwanda Private Sector Federation, former Chairperson of Women Promotion, Popular Bank of Rwanda, and also worked as Administration and Finance Director in the Ministry of Youth, Sports and Culture.

She holds a Bachelor of Arts degree in Finance and Management from the Kigali Independent University (ULK), Rwanda and a Bachelors of Arts degree in Business Administration from ISC Kinshasa, the Democratic Republic of Congo.



Dr. Daniel Ufitikirezi,
Member

Dr. Ufitikirezi is currently the Deputy Director General of Fund Management at RSSB and former head of Assets and Business Management Department at RDB. He was the General Manager, Horizon Logistics and Director of Planning and Incubation Services, Horizon Limited; respectively. He is a part-time lecturer at various universities in Rwanda.

He holds Postgraduate Degrees (MBA, M.Phil.) and a Doctorate (PhD) in Finance.



Robert C. Mathu,
Executive Director CMA

Mr. Mathu is the Executive Director of CMA. He started his career at the Nairobi Stock Exchange (NSE) in 1990 where he worked through the initial transformation of the NSE.

He was also involved in setting up of the Dar-es-Salaam Stock Exchange operations as the Technical Advisor. He also assisted in the establishment of the Uganda Securities Exchange in 1996. He worked as a stockbroker in Nairobi for three years before taking up his current assignment in Rwanda.

He holds an MBA in International Banking and Finance from the University of Birmingham UK and a Bachelors degree in Commerce from the University of Nairobi.

The Authority's Board exercises its oversight role through a governance structure comprising of various committees namely:

- Audit and Finance committee,
- Human Capacity and manpower committee,
- Public Offers and Complaints Committee.

All Board committees are governed by Terms Of Reference developed by the Board and are mandated to make recommendations to the Board on all matters under their consideration.

In terms of composition, the committees comprise of Board Members with pertinent expertise in the various areas in order to maximize technical capability at the committee level, where issues are dealt with in-depth. Each committee determines its own procedures. The function and structure of the committees for the year under review are described below.

- **Audit and Finance Committee:** The Committee deals with all the issues related to the budget, audit of CMA finances, budget expenditures and all issues related thereto.
- **Human Capacity and Manpower Committee:** This Committee is charged with the issues related to capacity building for both the Management and the Board, public education, discipline of CMA staff, recruitment and promotion of junior staff and other issues that, the Board may delegate to it.
- **Public Offers & Complaints Committee:** This committee is charged with the issues of Initial Public Offerings, evaluation and approval of prospectuses, licensing of market players, listing, complaints emanating either from the market players, investors or CMA and enforcement of CMA actions as provided for by the laws and other issues that the board may delegate to this committee.



Robert C. Mathu
Executive Director



Ms. Vanice Busingye
Finance and Administration
Manager



**Mrs. Carine
Twiringiyimana** Financial
Analyst



**Mr. Emmanuel
Mugiraneza**
Public Relations Officer



Mrs. Nina Mulisa
IT Officer



Mr. Charles Furaha
Legal and Corporate
Affairs Manager

BRIEF DESCRIPTION OF THE CAPITAL MARKET AUTHORITY

The Capital Market Authority (CMA) was established by Law N° 11/2011 of 18 May 2011. This law determines its mission, powers, organization and functioning. CMA has legal personality, administrative and financial autonomy and is governed in accordance with the laws governing public institutions. The main mission of CMA includes the following:

- To implement the government policy on the capital market;
- To prepare draft policies on capital market;
- To advise government on policy relating to the capital market;
- To promote public awareness on the capital market and develop it;
- To elaborate action plans and conduct studies in order for CMA to achieve its mission;
- To formulate principles and regulations for the capital market;
- To make regulations governing capital market business in accordance with the Law regulating capital market in Rwanda;
- To control and supervise all capital market activities with a view to maintain proper code of conduct and acceptable practices on the capital market ;
- To register capital market business and related instruments provided for by the law the regulating capital market in Rwanda;
- To issue, suspend, and withdraw licenses and approvals related to capital market business;
- To seek to achieve fairness, efficiency and transparency in the functioning of the capital market;
- To protect citizens and investors in capital market from unfair and unsound practices or practices involving fraud, deceit, cheating or manipulation;
- To monitor, supervise, and take actions with regard to the compliance with this law and regulations thereto related as well as with the law regulating capital market in Rwanda and regulations thereto related;
- To co-operate and collaborate with other regulatory bodies in accordance with the provision of the law regulating capital market in Rwanda;
- To consult concerned organs prior to making any decision to modify principles and regulations of the profession that may have an impact on the functioning of the capital market;
- To keep adequate and timely records of decisions made in the accomplishment of CMA mission;
- To accomplish any other mission assigned by the law regulating the capital market in Rwanda.

DEVELOPMENT OF LEGAL AND REGULATORY FRAMEWORK

1. Regulations

In the financial year 2012/13, the Authority continued with its mandate of developing laws and regulations to promote development of the industry and enhance investor protection. The Authority puts emphasis on developing regulations that would enable implementation of the Law N° 01/2011 of 10/02/2011 regulating the Capital Market in Rwanda. In the year under review the following laws and regulations were enacted,

- The Law N° 20/2013 of 25/03/2013 regulating the creation of trusts and trustees
- Capital market regulation establishing the compensation scheme
- Capital market regulation on institutions providing custodial services
- Capital market regulation for issuance of regional fixed income securities

The following regulations had been approved by the CMA Board of Directors and were awaiting publication in the official gazette.

- Regulations on Asset Backed Security (ABS),
- Regulations on Real Estates Investments Trusts (REITs),
- Regulations for Issuance Of Capital Market Debt Securities,
- Disclosure Guidelines for the Public Offer of Securities for the Small and Medium Enterprises.

2. Licensing

During the year, the Authority reviewed the license requirements for the market players and issued licenses to the following:

- **CDH Capital Ltd** - Stock Broker
- **MBEA Brokerage** - Stock Broker
- **Baraka Ltd** - Stock Broker
- **CFC Stanbic** - Stock Broker
- **African Alliance** - Stock Broker
- **Faida Securities** - Stock Broker
- **BK Securities** - Stock Broker & Custodial Services
- **Core Securities** - Stock Broker
- **KCB** - Custodial Services

The Authority was in the process of approving the application of the bond issuance and listing for the East African Development Bank (EADB) to issue a multi-currency denomination bond in Rwanda and International Finance Corporation to issue a Pan African Bond. The year ended when the approval process of the both debt securities were in the advanced stage.

3. Training on New Regulations

In the year 2012/2013, the Authority conducted trainings and workshops on the existing laws and regulations to enable market players and other potential stakeholders get familiar with the laws and regulations in place. The training workshops brought together over 100 participants and they were all trained on implementation of the capital market laws and regulations.

DEVELOPMENTS IN THE MARKET

1. Equity Primary Market

In the year ending June 2013, the primary market for equities did not record any Initial Public Offer though there were products in the pipeline that would go to the market before the end of the year 2013/2014. To encourage the private sectors to use capital market as an option for raising capital, CMA drafted disclosure guideline for SMEs that are less stringent. They are expected to be published in the first quarter of 2013/2014.

2. Bond Primary Market

During the year under review, no Treasury or Corporate Bond was issued in the domestic market. To pave the way for future domestic issuance of Treasury Bonds, the government issued a sovereign bond worth USD 400 million which was oversubscribed by 650 percent. The bond has a maturity of ten years at a fixed interest rate of 6.875 percent well below the 7.5 percent initially expected.

3. Secondary Equity Market

From July 2012 up to June 2013, RSE recorded a total turnover of Frw 39.2 billion from 124.2 million shares traded in 1,873 deals compared to Frw 20.2 billion from 122.1 million shares traded in 1,983 deals registered in 2011/2012. That represents an increase of 94% in money terms and an increase of about 2 percent in the number of shares traded. The market was driven by the activities on the counters of domestic companies which amount to 99.9 percent in the total turnover. At the end of June 2012, the RSE market capitalization was Frw 1,261 billion compared to Frw 846.8 billion as of 30th June 2011, translating into an increase of 49 percent. The significant increase in market capitalization resulted from the increase in the prices of three stocks namely BRALIRWA, BK and KCB. For more details please, refer to the tables below.

MARKET PERFORMANCE TRENDS IN THE MARKET ACTIVITY AT RSE 2012/2013

Equity Market Price List

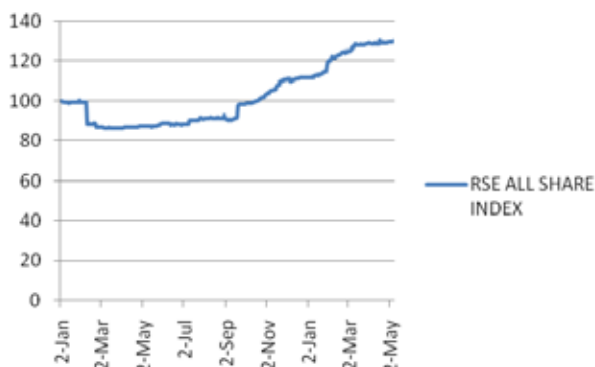
Date:30/06/2013		This year's prices				In million	
ISIN - CODE	Security	High	Low	Opening	Closing	Shares traded	Total turnover (Rwf)
RW000A1JCYA5	BOK	200	125	126	193	87.8	13,525.5
RW000A1H63N6	BLR	870	340	342	865	36.4	25,631.3
KE0000000315	KCB	169	135	135	169	0.006	1
KE0000000380	NMG	-	-	1,200	1,200	-	-
Total shares traded in million Turnover (Rwf in million)		Equity Turnover (Rwf in million)		Total Deals		Exch. Rate	
This year	Previous	This year	Previous	This year	Previous	30/06/2013	This year
87.8	98.6	13,525.5	12,912	825	1,087	Rwf/USD:642.7	BOK+67
36.4	23.5	25,631.3	7,242	1,040	892		BLR+523
0.006	0.008	1	1.1	8	9	Rwf/KSh:7.6	KCB+34
-	-	-	-	-	-		NMG -

RSE Indices and Market Capitalisation

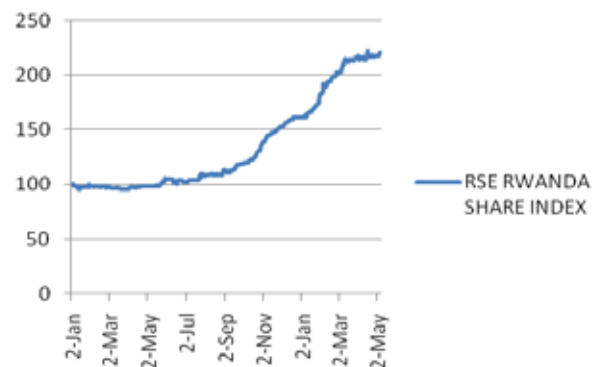
INDEX	30/06/2012	30/06/2013	Points change	% change
RSE Rwanda Share Index(RSI)-base date 2 nd January 2012	-	225.34	+125.34	+125%
RSE All Share Index(ALSI)-base date 2 nd January 2012	-	131.35	+31.35	+31%
Market Capitalization (Mkt cap.)	Rwf 847billion	Rwf 1,261 billion	+Rwf 414 billion	+49%

4. Bond Secondary Bond Market

RSE ALL SHARE INDEX



RSE RWANDA SHARE INDEX



ACTIVITIES OF THE AUTHORITY

In the year ended June 2013, no transaction was recorded on the secondary market for bonds compared to a total turnover of Frw 599million registered the previous year in two deals. On 30th June 2013, three treasury bonds worth Frw 8.5 billion and one Corporate Bond (BCR Bond) whose face-value is Frw 1 billion were listed on RSE.

PUBLIC EDUCATION

Public education is one of the key roles of the Capital Market Authority. In this regard, CMA tirelessly worked hard for the Rwandans to understand the role and purpose of the capital market in fostering their economic development. The following activities were done in the period under review:

1. Public Education Presentations

CMA conducted public education presentations in different public and private organizations, the presentations were oriented towards creating awareness on the benefits of saving and investing through capital markets.



Public education at Adventist University of Central Africa AUCA, November 2012

2. Sensitization Campaign for SACCOS

In the course of the year, the Authority continued with the sensitization campaigns that had started in the previous year. The sensitization campaign called on SACCOS to consider capital market as another form of investment venture that would give them returns. The Authority sensitized a total of 316 SACCO's in various parts of the country.



Public Education for SACCOs May 2013



Public Education during savings week October 2012.

3. Capital Market University Challenge 2013

During the year under review, the Authority conducted its second capital market university challenge. This was an inter- university competition sponsored by the Authority and other valuable stakeholders. The Challenge brought together a total of 15 private and public universities. The main objective of the competition was to raise awareness of university students towards saving and investment through capital markets.

The challenge comprised of an essay writing competition and a television quiz, the winners were awarded shares of the listed securities at the Rwanda Stock Exchange.



University Challenge 2013 TV Quiz final teams.



University Challenge 2013 awarding the winning team.

4. Support to the Establishment of Investment Clubs in Schools

The Authority supported various universities to form investment clubs which would help in bringing students closer to the reality of investments. Through these clubs, students will easily be reached and advised on how to start investing at early stages in their life. Four investment clubs were established by university students in the following universities: INES Ruhengeri, Adventist University of Central Africa (AUCA), Independent University of Kigali (ULK) and Kigali Institute of Education (KIE).

5. Workshops, Conferences and Trade Fairs

In the year under review, the Authority conducted various workshops, conferences and participated in different exhibitions; to make sure the information on investing through capital market would reach as many people as possible. All events were given a wide media coverage including print, television and radio.

INFORMATION TECHNOLOGY INFRASTRUCTURE DEVELOPMENT

In the course of the year, the Authority continued to review its ICT infrastructure in order to cope with growing information needs of the capital market industry. The Authority procured and installed a new set of ICT equipment aimed at enhancing the Authority's security and automation of operations. The Authority installed an Electronic Data Management System (EBMS) that will support information sharing among the Authority's staff and stakeholders especially the government institutions.

REGIONAL INTEGRATION EFFORTS

In the course of the year, the Authority continued to strengthen the regional integration initiatives by actively participating in regional meetings and forums, under EASRA. In the year under review, Authority members participated in meetings that were held in Kampala and Fort-portal in Uganda, Nairobi and Mombasa in Kenya, Dar- es Salaam in Tanzania and Kigali in Rwanda. In all meetings, the Authority presented Rwanda's position towards capital market development.

STAFF TRAINING AND DEVELOPMENT

The Authority continued to invest in staff training and skills development through locally arranged training programs and regional or international ones depending on the required skills. All staff have participated in various trainings and workshops directly related to their responsibilities.



CMA Staff during the period under review

THE AUTHORITY'S FINANCIAL POSITION

The Authority's financial position is provided in the audited statement for the period ended June 30th, 2013. The Authority is fully funded by the Government of Rwanda.

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Statement of Management's Responsibilities

Article 70 of the Organic Law N° 37/2006 of 12/09/2006 on State Finances and Property requires budget agencies to submit annual reports, which include all revenues collected or received and all expenditures made during the fiscal year, as well as a statement of all outstanding receipts and payments before the end of the fiscal year.

Article 21 of the Organic Law N° 37/2006 and Article 9 and Article 11 of Ministerial Order N°002/07 of 9 February 2007 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

The Chief Budget Manager accepts responsibility for the annual financial statements, which have been prepared using the "modified cash basis" of accounting as defined by Article 2 (20) of the Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations and using appropriate accounting policies supported by reasonable and prudent judgements and estimates.

These financial statements have been extracted from the accounting records of CMA and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In the opinion of the Chief Budget Manager, the financial statements reflect a true and fair view of the state of the financial affairs of CMA. The Chief Budget Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, ensuring adequate systems of internal financial control and safeguarding the assets of the budget agency.

Robert C. Mathu
Executive Director

Mark Rugenera
Chairman, Board of Directors

CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Market Authority (CMA), set out on pages 5 to 11 which have been prepared on the basis of the accounting policies set out on page 7. We obtained all the information and explanations which we considered necessary for our audit.

Respective Responsibilities of Management and Independent Auditors

The Management of Capital Market Authority (CMA) is responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of Capital Market Authority (CMA) and of the operations for the year. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to them.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. The 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.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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, proper books of accounts have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of financial affairs of the Capital Market Authority (CMA) as at 30th June 2013 and its deficit for the year then ended.

Michael Maina

Partner,
MN & Associates,
Certified Public Accountants,
P. O Box 1863, Kigali, Rwanda.

CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

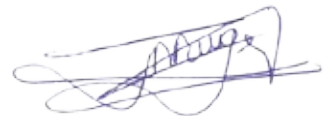
Financial Report

Statement of Income and Expenditure			
		30th June 2013 (RWF)	30th June 2012 (RWF)
Receipts	Notes		
Transfer from treasury	2	477,067,146	853,259,401
Other receipts	3	14,245,000	53,253,480
Total receipts		491,312,146	906,512,881
Payments			
Staff costs (Staff & Contractors)	4	363,256,909	361,119,767
Purchase of goods and services	5	234,641,250	335,603,676
Capital Expenditure	6	12,748,718	49,418,628
Other expenses- support to RSE		31,785,828	60,000,000
Total payments		642,432,705	806,142,071
Surplus/(Deficit)		151,120,559	100,370,810

The financial statements were authorized for issue on 10/12/2013 by:



Robert C. Mathu
Executive Director



Mark Rugenera
Chairman, Board of Directors


CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Statement of financial position as of 30th June 2013			
		30th June 2013 (RWF)	30th June 2012 (RWF)
Assets	Notes		
Cash in bank	7	33,037,761	175,466,506
Cash in hand	7	90,127	62,827
Total assets		33,127,888	175,529,333
Liabilities			
Accounts payables	8	8,719,114	–
Total liabilities		8,719,114	–
Net Assets		24,408,774	175,529,333
Represented by:			
Accumulated surplus brought forward		175,529,333	75,158,523
Current year surplus/ (deficit)		(151,120,559)	100,370,810
Total		24,408,774	175,529,333

The financial statements were authorized for issue on 10/12/2013 by:



Robert Mathu
Executive Director



Mark Rugenera
Chairman, Board of Directors

CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Accounting policies

a) Basis of Preparation

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the requirements of Article 70 of the Organic Law on State Finances and Property: Law N° 37/2006 of 12 September 2006 and Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations.

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. In the context of Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations, the modified cash basis of accounting means financial transactions which are recognized in the books of account as follows:

1. Generally, transactions are recognized only at the time the associated cash flows take place;
2. The expenditure on acquisition of fixed assets is not capitalized. Thus fixed assets are written-off on acquisition and the wear and tear (depreciation) of those assets is not recorded in the books of account; and
3. *Prepaid expenditure/advances is written-off during the period of disbursement.*

The recognized "modification" is as follows:

1. Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognized as liabilities for that specific fiscal year;
2. Loans and advances are recognized as assets/liabilities at the time of disbursement and related interest is recognized only when disbursed
3. Book balances denominated in foreign currencies are converted into the Rwanda Francs at rates of exchange ruling on that date issued by the National Bank of Rwanda.
4. The associated exchange losses are recorded as recurrent expenditure while the exchange gains are recorded as recurrent revenue.

b) Presentation Currency

The financial statements are reported in Rwanda Francs, being the currency of legal tender in Rwanda.

Revenue Cash Transfers from Treasury

These are budgetary allocations from Central Treasury and are disbursed directly to the bank account of the institution periodically or indirectly to another government reporting entity's bank accounts. The budgetary allocation is mainly used to fund recurrent expenditure of the institutions. The receipts are recognized when the cash is received.

Direct Payments by Treasury

These are payments directly made to suppliers by the government on behalf of the institutions. Direct payments are recorded when the transfer is made to the supplier.

CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Other income

Other income includes internally generated income, receipt of fees from payment of fines, penalties and forfeits, interest and dividend income, proceeds from sale of capital assets and funds received from repayment of loans and advances to employees.

a) Expenditure

Expenditure is classified according to major categories in line with Article 19 of Ministerial Order N°002/07 of 09/02/2007 relating to Financial Regulations. The main categories of expenditure includes compensation of employees, use of goods and services, Capital expenditures, social benefits, and other expenses. Apart from points of modification which are mentioned clearly in the Ministerial Instructions, expenditure is recognized when payment is made.

b) Cash

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments.

c) Receivables and Advances

Receivables mainly relate to loans and advances which are recognized at the time of disbursement. Receivables also include amounts due to the budget agency as at the end of the reporting period.

d) Account payables

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year.

e) Foreign currencies

Transactions denominated in foreign currencies are translated to the Rwandan Franc at the rate of exchange issued by the National Bank of Rwanda (BNR) applicable for the dates of the transaction. At the balance sheet date, book balances denominated in foreign currencies are converted into Rwandan Francs at the exchange ruling on that date as issued by BNR. The associated exchange losses/gains are recorded as expenditure/income in the books.

CAPITAL MARKET AUTHORITY (CMA) AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

	Date	30th June 2013 (RWF)	30th June 2012 (RWF)
Receipts			
2 Cash transfer from treasury			
Detail			
Direct transfer from the Government	7/26/2012	200,543,940	149,052,165
Direct transfer from the Government	3/28/2013	209,765,706	109,394,000
Direct payment from treasury		66,757,500	133,373,000
Direct transfer from the Government		–	142,887,036
Direct transfer from the Government		–	185,984,200
Direct transfer from the Government		–	132,569,000
		477,067,146	853,259,401
3 Other income			
University challenge support		7,000,000	52,500,000
Application & licence fees		7,245,000	–
Annual membership fees		–	311,285
Participation fees		–	–
Listing fees		–	–
Training fees		–	–
Sale of tender documents		–	442,195
		14,245,000	53,253,480
Payments			
4 Staff costs			
Medical insurance		–	3,300,000
Salaries (Staff & Contractors)		363,256,909	357,819,767
		363,256,909	361,119,767
5 Purchase of goods and services			
Office supplies & consumables		10,136,054	10,454,924
Water and energy		4,352,152	4,595,474
Health and hygiene		–	–
Tools & spare parts		23,000	212,600
Maintenance and repairs		572,600	3,651,977
Transport and travel		14,124,371	13,886,020
Rental costs/hire of rooms		–	44,260,433
Publications and printing		4,759,903	4,625,332
Public relations and awareness		84,675,413	131,765,737
Communication costs		13,695,187	20,371,522
Professional services		68,279,840	22,385,005

THE AUTHORITY'S FINANCIAL POSITION

Training costs		244,342	37,714,214
Board allowances		–	5,975,424
Mission allowances		–	18,469,596
Trade shows		–	10,144,700
Miscellaneous expenses		13,270,000	349,305
Membership fees		2,711,864	1,752,730
Bank charges		204,513	339,391
Other Tax Refund- withholding tax		17,592,011	4,649,292
		234,641,250	335,603,676
6 Capital Expenditure			
Information systems & equipment		11,769,718	–
Furniture & fittings		377,600	16,919,864
Computers & printers		601,400	4,349,400
Software		–	28,149,364
		12,748,718	49,418,628
Support to Rwanda Stock Exchange (RSE)		31,785,828	60,000,000
7 Cash and bank			
Cash in bank		33,037,761	175,466,506
Cash in hand		90,127	62,827
		33,127,888	175,529,333
8 Accounts payables			
TPR payable		8,719,114	–
9 Budget execution report			
	Budgeted (RWF)	Actual (RWF)	Variance (RWF)
Receipts			
Transfer from Treasury	1,180,807,172	477,067,146	703,740,026
Other receipts	–	14,245,000	14,245,000)
Total receipts	1,180,807,172	491,312,146	689,495,026
Payments			
Staff costs	176,531,304	177,185,243	(653,939)
Purchase of goods and services	546,704,964	420,712,916	125,992,048
Capital Expenditure	425,785,076	12,748,718	413,036,358
Other expenses- support to RSE	31,785,828	31,785,828	–
Total payments	1,180,807,172	642,432,705	538,374,467

LIST OF CMA LICENSEES

COMPANY	CONTACT ADDRESS
Faida Securities Rwanda (Broker)	Bob Karina CEO c/o Stephen Njoroge Operations Manager Centenary House, 4th Floor P. O. Box 124 Kigali, Rwanda Tel: (+250) 0784333734 Email: stephen.njoroge@fib.co.ke Website: www.fib.ke
African Alliance Rwanda (Broker)	Iza Irame General Manager 1st Floor, Kigali City Tower (KCT) Avenue du Commerce P. O. Box 7179 Kigali, Rwanda Tel: (+250) 0788301007 Email: Securitiesrw@africanalliance.com
CDH Capital (Broker)	Shehzad Noordally General Manager 9th Floor, Ecobank Building Avenue de la paix P. O. Box 6237 Kigali, Rwanda Tel : (+250) 0788301007 Email: shehzadnoordally@cdhcapitaltd.org
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MBEA Brokerage Services (Broker)	Mutebi Isaac Country Manager Avenue de la paix P. O. Box 92 Kigali, Rwanda Tel: (+250) 0788803337 Email: i-mutebi@mbea.net Website: www.mbea.net
Core Securities (Broker)	George Fumbuka CEO c/o Uwitije Christophe K-Solutions and Partners P. O. Box 4062 Kigali, Rwanda Tel: (+250) 0788465282 Email: uwitijechristophe@gmail.com

BK Securities(Broker)	<p>Andrew Kipruto Dealer/Broker Plot No.6112, Avenue de la Paix P. O. Box 175 Kigali, Rwanda Tel: (+250) 0784685086 Email: bksecurities@bk.rw Call Center: 4455 Website: www.bk.rw</p>
SBG Securities (Broker)	<p>Consolata Mburu Country Manager 1st Floor Kigali City Tower (KCT) Avenue du commerce P. O. Box 968 Kigali, Rwanda Tel : (+250) 0784108841 Email: sbgsecurities_rwanda@sgbsecurities.com Website : www.sbg.co.ke</p>
KCB Rwanda SA (Custodian)	<p>Maurice Toroitich CEO Avenue de la Paix P. O. Box 5620 Kigali, Rwanda Tel: (+250) 252 570620/21 Email: kcbwanda@rw.kcbbankgroup.com Website: www.kcbbankgroup.com</p>
Bank of Kigali Ltd (Custodian)	<p>James Gatera CEO Avenue de la Paix P. O. Box 175 Kigali Tel: (+250) 0788143000 Website: www.bk.rw</p>



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