

Office of the Auditor General of Rwanda



RWANDA MEDICAL SUPPLY LIMITED (RMS Ltd)

Audit Report and Audited Financial Statements

For the year ended 30 June 2024

OAG Core Values

Integrity

In public Interest

Innovation

Objectivity

Professionalism

TABLE OF CONTENTS

1. BACKGROUND, MANDATE AND GOVERNANCE.....2

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES 5

3. REPORT OF THE AUDITOR GENERAL 6

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 8

1. BACKGROUND, MANDATE AND GOVERNANCE

1.1 Background

Rwanda Medical Supply (RMS) Ltd is a State-owned company created by the Government of Rwanda with the mandate of managing the end-to-end health supply chain for Rwanda. RMS Ltd provides pharmaceuticals and health commodities towards 5 rights: the right patient, the right drug/dose, the right cost, the right route, and the right time. The vision of RMS Ltd is to ensure quality and timely availability of all health commodities to the public through a cost-efficient, sustainable and effective supply chain. Drugs will be available throughout the country through an economical and financially sustainable supply chain that can meet current and future needs and manage increasing complexity. It was created in March 2018 and decided to be operational by the Cabinet resolutions of 14 August 2020.

The company took over former Medical Procurement and Production Department (MPPD), which was a division of Rwanda Biomedical Centre and former 30 District pharmacies. The main mandate of RMS Ltd is procuring, storing and distributing drugs, medical supplies and consumable to be used in all public health facilities. The skilled and long experienced staff currently available will contribute to the competitive advance over any other pharmaceutical depots. The economy of scales is also another factor that can push the cost to be maintained as low as possible.

1.2 Mandate of RMS Ltd

To manage the end-to-end health supply chain for Rwanda by quantifying, procuring, storing, and distributing essential and program health commodities (on behalf of donors) to public health facilities.

- **Vision of RMS Ltd**

Thriving Rwanda: where everyone has the health resources they need to live a long and fulfilling life.

- **Mission of the entity**

To be a leading health supply chain Institution in Africa which ensures availability and affordability of quality assured health commodities by 2030.

1.3 Registered Office

Rwanda Medical Supply Limited
KN Avenue 8 Street KG 509 St
Kacyiru, Gasabo
Kigali

RWANDA MEDICAL SUPPLY (RMS) LIMITED
BACKGROUND, MANDATE AND GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

1.4 Reporting framework

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the companies Law of Rwanda. The accounting policies have been applied consistently to the previous reporting period.

1.5 Results for the year

	12 months to June 2024	12 months to June 2023
	<u>Frw</u>	<u>Frw</u>
The results for the period for the year ended	20,221,945,155	4,614,990,495

1.6 Dividends

The directors do not propose declaration of dividends for the financial year.

1.7 Organizational structure

Rwanda Medical Supply Limited conducts its activities under the supervision of Board of Directors. The day-to-day running of entity is entrusted to Chief Executive Officer (CEO). Under the CEO, there is Deputy Chief Executive Officer (DCEO), Chief Operations Officer (COO), Chief Information & Data Officer, Chief Finance and Administration Officer (CBM), Head of Procurement and Quantification Department, Head of Warehouse, Sales and Distribution. The Board of Directors is in charge of oversight and is the body that makes strategic decisions on behalf of the company.

1.8 Board of Directors

The members of the Board of Directors who served during the year ended 30 June 2024 and to the date of this report were as follows:

Nº	Names of Board member	Designation/Function	Period
1.	Ms. ILIBAGIZA Claire	Acting Chairperson	From 14 August 2020 to date
2.	Dr. UMUHIRE Marie Fidele	Board Member	From 14 August 2020 to date
3.	Dr. NYIRIMIGABO Eric	Board Member	From 14 August 2020 to date
4.	Mr. MUVUNYI Eugene	Board Member	From 14 August 2020 to 30 October 2023
5.	Ms. ICYIMPAYE Joyce	Board Member	From 14 August 2020 to date
6.	Ms. BAMWINE K. Loyce	Board Member	From 14 August 2020 to date

RWANDA MEDICAL SUPPLY (RMS) LIMITED
BACKGROUND, MANDATE AND GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

1.9 Management

The management who held the office during the year ended 30 June 2024 and to the date of this report were as follows:

S/N	Name	Designation/Function	Period
1.	Dr. ABRAHAM Loko	Chief Executive Officer	From 08 December 2023 to date
2.	Mr. HARERIMANA Pie	Chief Executive Officer	From 14 August 2020 to 08 December 2023.
3.	Ms. MUTONI Diana	Deputy Chief Executive Officer	From 14 August 2020 to date
4.	Mr. NIYONZIMA Théogène	Chief Finance and Administration Officer	From 14 August 2020 to date
5.	Ms. MUZAYIRE Celsa Gaju	Chief Operations Officer	From 14 August 2020 to 31 March 2024.
6.	Mr. NZABANDORA Felix	Chief Information and Data Officer	From 14 August 2020 to date
7.	Mr. NDEKEZI Ignace	Head of Procurement, and Qualification Department	From 14 August 2020 to date
8.	Ms. DISI Uwera Diane	Head Warehouse, Sales & Distribution Department	From 14 August 2020 to 02 August 2024

1.10 Auditor

The Office of the Auditor General is the Auditor of the Company for the financial year ended 30 June 2024.

1.11 Bankers

RMS Ltd has 3 bankers as detailed below:

N°	Banker
1	National Bank of Rwanda (BNR)
2	Bank of Kigali (BK)
3	Equity Bank (former COGEBACQUE)

RWANDA MEDICAL SUPPLY (RMS) LIMITED
STATEMENT OF MANAGEMENT RESPONSIBILITIES FOR THE YEAR ENDED
30 JUNE 2024

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements that give a true and fair view of **Rwanda Medical Supply Limited** comprising the statement of financial position as at 30 June 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 36 in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Law N° 019/2023 Of 30/03/2023 amending Law N° 007/2021 Of 05/02/2021 governing companies.

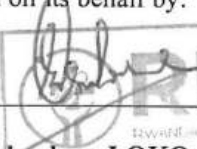
The Directors' responsibility includes the maintenance of accounting records that may be relied upon in the preparation of financial statements, overseeing and endorsing the designing, implementing and maintenance of internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances and is also responsible for safe guarding the assets of the company.

The Directors have made an assessment of the ability of **Rwanda Medical Supply Limited** to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead from the date of this statement.

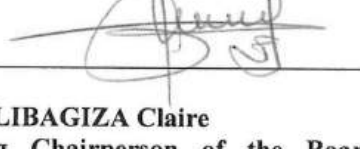
In our opinion, the financial statements of **Rwanda Medical Supply Limited** for the year ended 30 June 2024 give a true and fair view of the state of financial affairs of **Rwanda Medical Supply Limited**. We further accept responsibility for maintenance of accounting records that may be relied upon in the preparation of financial statements and ensuring adequate system of internal controls to safeguard assets of **Rwanda Medical Supply Limited**.

Approval of the financial statements

The financial statements of **Rwanda Medical Supply Limited** for the year ended 30 June 2024, on pages 8 to 36, were approved by the Board of Directors on 19/03/25 and signed on its behalf by:



Dr. Abraham LOKO
Chief Executive Officer of RMS Ltd



Ms. ILIBAGIZA Claire
Acting Chairperson of the Board of Directors

Date: 19/03/25

19/03/25


RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**4.1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2024**

Description	Notes	12 months to 30 June 2024	12 months to 30 June 2023
		Frw	Frw
Sales revenue	2	31,363,978,627	30,468,460,864
Cost of sales	3	25,670,140,631	25,269,676,940
Gross profit		5,693,837,996	5,198,783,924
Operating income	4	33,390,345,962	17,990,332,058
Operating expenses	5	22,164,936,466	14,134,046,326
Operating profit		16,919,247,492	9,055,069,656
Other income	6	6,927,811,336	3,067,895,785
Other expenses	7	3,625,113,673	11,307,587,722
Profit before tax		20,221,945,155	815,377,719
Taxation at 28%	8	-	-
Deferred tax	8	-	3,799,612,776
Profit of the year		20,221,945,155	4,614,990,495
Other comprehensive income		-	-
Total comprehensive income for the period		20,221,945,155	4,614,990,495
Attributable to shareholder		20,221,945,155	4,614,990,495

The explanatory notes on pages 12 to 36 form an integral part of these financial statements.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

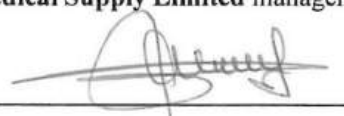
Description	Notes	Balance as at 30 June 2024	Balance as at 30 June 2023
		Frw	Frw
ASSETS			
Non-Current Assets			
Intangible assets	9	648,012,800	729,014,400
Deferred tax asset	8	-	5,022,208,293
Property and equipment	10	7,880,299,369	9,008,231,898
Work in progress	11	529,253,674	-
Total Non-Current Assets		9,057,565,843	14,759,454,591
Current assets			
Inventory	12	85,341,541,200	49,545,572,562
Trade and other receivables	13	31,583,471,532	15,643,104,657
Cash and cash equivalents	14	29,789,085,331	27,289,224,582
Total Current Assets		146,714,098,063	92,477,901,801
Total Assets		155,771,663,906	107,237,356,392
EQUITY AND LIABILITIES			
Equity			
Share capital	15	24,506,137,518	24,506,137,518
Revaluation reserves		496,353,028	496,353,028
Other reserves	15	13,862,611,444	13,862,611,444
Retained earnings		25,218,872,436	8,151,915,909
Total equity		64,083,974,426	47,017,017,899
Non-Current Liabilities			
Long term deferred income grant	16	134,375,000	129,166,667
Total Non-Current Liabilities		134,375,000	129,166,667
Current Liabilities			
Trade and other payables	17	43,594,636,756	48,163,221,267
Program partner contribution to inventory	18	47,958,677,724	11,927,950,559
Total Current Liabilities		91,553,314,480	60,091,171,826
Total Liability and Equity		155,771,663,906	107,237,356,392

The explanatory notes on pages 12 to 36 form an integral part of these financial statements.

The financial statements were approved by Rwanda Medical Supply Limited management and were signed on its behalf by:


Dr. Abraham LOKO
 Chief Executive Officer of RMS LTD

Date: 19/03/25


Ms. ILIBAGIZA Claire
 Acting Chairperson of the Board of Directors
 19/03/25

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Profit before tax	20,221,945,155	815,377,719
Add back		
Interest income	(997,558,829)	(855,373,294)
Provisions	(3,782,338,932)	3,020,661,880
Depreciation and amortization	1,027,703,090	947,705,283
Prior year Adjustments	-	631,212,576
Cash flow from operating activities before changes in working capital	16,469,750,484	4,559,584,163
Decrease (increase) in inventory	(32,775,373,770)	(6,348,263,041)
Decrease (increase) in trade and other receivables	(13,699,979,205)	19,102,278,206
Increase (decrease) in trade and other payables	32,531,847,681	(27,692,443,538)
Net cash flow generated from operating activities	2,526,245,190	(10,378,844,209)
Provision for taxation	-	-
Net cash flows generated from operations	2,526,245,190	(10,378,844,209)
Cash flows from investing activities		
Interest received, other income	997,558,829	855,373,294
Additions		
Movement in PPE	(1,029,151,602)	(946,008,706)
Prior year adjustments	-	(17,969,437)
Net cash flows used in investing activities	(31,592,773)	(108,604,849)
Cash flows from financing activities		
Capital grant	5,208,333	129,166,667
Net cash in flows from financing activities	5,208,333	129,166,667
Net decrease in cash and cash equivalents	2,499,860,750	(10,358,282,391)
Cash and cash equivalent at the start of the period	27,289,224,582	37,647,506,973
Cash and cash equivalents at the end of the period	29,789,085,331	27,289,224,582

The explanatory notes on pages 12 to 36 form an integral part of these financial statements.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.4. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Initial capital	Retained earnings	Other reserves	Revaluation reserves	Total
	Frw	Frw	Frw	Frw	Frw
At 01 July 2023	24,506,137,518	8,151,915,909	13,862,611,444	496,353,028	47,017,017,899
Prior year adjustments		(3,154,988,628)	-	-	(3,154,988,628)
Profit for the year	-	20,221,945,155		-	20,221,945,155
At 30 June 2024	24,506,137,518	25,218,872,436	13,862,611,444	496,353,028	64,083,974,426
At 1 July 2022	24,506,137,518	2,754,249,997	13,912,750,117	597,677,195	41,770,814,828
Prior adjustments		782,675,416	(50,138,673)	(101,324,167)	631,212,576
Profit for the year		4,614,990,495			4,614,990,495
At 30 June 2023	24,506,137,518	8,151,915,909	13,862,611,444	496,353,028	47,017,017,899

The explanatory notes on pages **12** to **36** form an integral part of these financial statements.

4.5. NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

The company is incorporated in Rwanda under the Law N^o 007/2021 of 05/02/2021 as amended by Law N^o 019/2023 of 30/03/2023 governing companies and is domiciled in Rwanda.

It was created in March 2018 with its TIN 107771404 and decided to be operational by the cabinet resolutions of 14th August 2020. The company took over former Medical Procurement and Production, which was a division of Rwanda Biomedical Centre and former 30 District pharmacies. Its registered office address is: Village: Virunga; Cell: Kibaza; Sector: Kacyiru; District: Gasabo; KN Avenue 8 Street KG 509 St, Kigali.

The principal activity is procuring, storing and distributing drugs, medical supplies, consumable and equipment to be used in all public health facilities.

2. Basis of preparation

2.1 Statement of compliance

The financial statements are:

- Prepared in accordance with International Financial Reporting Standards (IFRSs) and comply with the financial reporting requirements by the law No 007/2021 of 05/02/2021 governing companies as amended by Law N^o 019/2023 of 30 March 2023. Consequently, the accounting policies applied by the company also comply fully with IFRS as issued by the IASB.
- Prepared by the management of the company and authorised for issue and will be submitted for adoption to the Annual General Meeting of the shareholders.
- Prepared on the historical cost basis unless otherwise indicated.
- Presented in Frw, which is the company's functional currency.

2.2 Functional currency and presentation currency

These financial statements are presented in Rwanda Francs (Frw), which is the company's functional currency.

2.3 Significant accounting judgements, estimates and assumptions

In the process of applying the company's accounting policies, Directors have used their judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the Directors' knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

- *Going concern*

The company's directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on the going concern basis.

RMS Ltd entered into a 5 years agreement with USAID of **89,000,000 USD** to implement different task orders in regard to procurement and distribution of medicines and capacity building.

There is no clarity on the recent changes and RMS is waiting for further clarifications as converting the waiver to continue implementing tasks orders as per the agreement.

• ***Uncertainty over income tax treatments***

The company is subject to income taxes under the Rwanda Income Tax Law. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determination is made. RMS believes that its accruals for tax liabilities are adequate for this year based on its assessment of many factors, including interpretations of tax law and prior experience. Specifically, RMS has inherited a huge amount of receivables from branches which the assessment has demonstrated that the recoverability is problematic. RMS recognises the expected credit loss and inventory provision which is deemed to be appropriate as per IFRS 9 and RMS policies in place.

3. Adoption of new and revised International Financial Reporting Standards (IFRs)

i) New standards, amendments and interpretations effective

The new standards and amendments during the financial year ended 30 June 2024, including consequential amendments to other standards with the date of initial application by the company beginning 1st January 2024 did not have a material impact on the financial statements of the company.

Standard	Description	Effective period beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024
Amendments to IAS 7 and IFRS 7	Disclosures: supplier finance arrangements	01/01/2024
Amendments to IAS 21	Lack of exchangeability	01/01/2024

ii) New and amended standards and interpretations in issue but not yet effective (but allow early application) for the financial year ended 30 June 2024

Standard	Description	Effective period beginning on or after
IFRS 18	Presentation and disclosures in financial statements	01/01/2027
Amendments IFRS 9 and IFRS 7	Classification and measurement of financial instruments	01/01/2026

Directors do not expect that the adoption of the standards listed above will have material impact on financial statements of RMS Ltd in future periods.

4. Significant accounting policies

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

a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gains or loss arising on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit and loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost remain translated into the functional currency at historical exchange rates.

b) Revenue recognition

Revenue arises mainly from the sale of medicines, laboratory reagents and medical equipment which are distributed door-to-door in all public health facilities.

To determine whether to recognise revenue, the Group follows a 5-step process:

- ✓ Identifying the contract with a customer
- ✓ Identifying the performance obligations
- ✓ Determining the transaction price
- ✓ Allocating the transaction price to the performance obligations
- ✓ Recognising revenue when/as performance obligation(s) are satisfied.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Revenue is recognised at a point in time, when RMS Ltd satisfies performance obligations by transferring the promised medicines, laboratory reagents or medical equipment to its customers.

RMS Ltd recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in its consolidated statement of financial position.

Similarly, if RMS Ltd satisfies a performance obligation before it receives the consideration, RMS Ltd recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

c) Other income

RMS Ltd has a tripartite agreement with RBC and MOH to procure, warehouse and distribute medicines, laboratory reagents and medical equipment and a fixed percentage management fees is paid at the time the supplier has completed the delivery. This fee is recognised at a point in time, when RMS Ltd satisfies performance obligations by notifying partners the full delivery of items procured by the supplier

d) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

e) Intangible assets and amortisation

All finite-lived intangible assets, including software, are revalued using revaluation model. Revalued amounts are fair values based on appraisals prepared by external professional valuers. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

Downward revaluations of intangible assets are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

f) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. RMS has inherited non-current assets from branches which do not meet the criteria of being recognised in financial statements. This is because ownership and reliable estimates of the cost could not be available. However, a separate disclosure of those financial statements were shown in this report 2.2 under Basis of measurement.

ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss. The Depreciation on buildings, intangible assets, information and telecommunication systems is charged on charged on a straight-line basis over the estimated useful lives while depreciation on other property, plant and equipment is charged on a pool reducing balance basis.

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets under construction are not depreciated.

The table below show the rates and depreciation methods to be applied according to Rwandan income tax law:

Item	Depreciation method	Rate used
Buildings	Straight line	5%
Intangible assets including goodwill	Straight line	10%
Information and communication systems	Straight line	10%
Computers and accessories	Reducing balance	50%
Furniture and fixtures	Reducing balance	25%
Motor vehicles	Reducing balance	25%
Machinery	Reducing balance	25%
Bear Plants	Reducing balance	25%

If the depreciation basis does not exceed five hundred thousand (500,000) Rwanda francs, the entire depreciation basis is deemed to be a deductible expense.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss when incurred.

iv) Gains and losses on disposal

Net gains on sale of items of property, plant and equipment are presented in profit or loss as other income. Net losses on sale are presented in profit or loss within operating costs. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the property, plant and equipment.

g) Inventories

- ✓ Inventories are stated at the lower of cost and net realisable value
- ✓ Cost is determined using the first - expire -first-out method and net realisable value is the estimated selling price less costs of disposal in the ordinary course of business. The cost of inventories includes direct costs plus production overheads
- ✓ Inventories held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the income statement.
- ✓ Supplies are valued at the lower of cost on a weighted-average basis and net realizable value.
- ✓ Trading inventories are valued using quoted benchmark prices adjusted as appropriate for timing and quality differentials

h) Impairment of assets

i) Financial assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes

in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cashflows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit or loss.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Employee benefits

- ***Defined contribution plans***

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company and all its employees contribute to the National Social Security Fund, which is a defined contribution scheme. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

- ***Short-term employment benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term benefits if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- ***Termination benefits***

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised as an expense when the company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

- ***Leave***

Accrual for annual leave is made as employees earn it and reduced when taken. These allowances are important for organization to recognize it in balance sheet, as they signify a liability to employees. Annual leave allowances are recognized as a liability when an employee renders services that entitle them to future paid time off. This liability increases with the accumulation of leave days. The liability is typically measured based on the employee's current salary adjusted for statutory requirements or company policy. It may also include additional costs such as payroll taxes or bonuses if they are directly related to the leave entitlements. Increases or decreases in the liability can occur due to factors like salary adjustments, changes in leave policies, or leave days taken. These adjustments must be recorded accurately to reflect

the actual liability. The expense for annual leave accruals should appear in the income statement as part of employee expenses. Any adjustments due to changes in utilization of leave days also affect this account. The total amount recognized as a liability for employee entitlements as of the reporting date is **Frw 77,982,803** and the total amount recognized as an expense incurred as of the reporting date is **Frw 312,064,025**.

j) Financial instruments

- **Classification**

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The company classifies its financial instruments into the following categories: loans and receivables and financial liabilities at amortised cost. The classification is determined at initial recognition.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Directors determine all classification of financial instruments at initial recognition.

Financial assets

The company's financial assets include cash, short terms deposits, trade and other receivables.

These are measured initially at fair value plus transactions costs. After initial recognition these are measured at amortised cost using the effective interest method, less provisions for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined in reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss is then based on recent historical counterparty default rates for each identified group. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial Assets is derecognised when it is extinguished, discharged, cancelled or expires.

Contract assets and contract Liability

A contract asset represents a company's right to receive payment for goods or services already delivered to a customer, but where the payment is still conditional on further performance.

A contract liability is an obligation to deliver goods or services to a customer for which payment has already been received before the performance is completed; essentially, it

means a company owes a service to a customer before they have fully fulfilled their part of the contract.

IFRS 15, 113 (b), requires an entity to disclose all of the following amounts for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards: revenue recognized from contracts with customers, which the entity shall disclose separately from its other sources of revenue; and any impairment losses recognised (in accordance with IFRS 9) on any receivables or contract assets arising from an entity's contracts with customers, which the entity shall disclose separately from impairment losses from other contracts.

IFRS 15, article 118, requires an entity to provide an explanation of the significant changes in the contract asset and contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following:

- a) changes due to business combinations;
- b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification;
- c) impairment of a contract asset;
- d) a change in the time frame for a right to consideration to become unconditional (i.e. for a contract asset to be reclassified to a receivable); and
- e) a change in the time frame for a performance obligation to be satisfied (i.e. for the recognition of revenue arising from a contract liability).

However, for the year end 30th June 2024 RMS Ltd doesn't have assets and liabilities that fulfil these conditions of Contract assets and contracts.

Financial liabilities

The company's financial liabilities include trade and other payables. Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Rwandan francs using the exchange rate ruling at the reporting date. Foreign exchange gains or losses are included in other income or expenses.

The company's financial liabilities include trade and other payables. Trade payables are obligations on the basis of normal credit terms and do not bear interest. Program partners' contribution to inventory is not RMS liabilities and for any further analysis about RMS financial situation, this should be analysed separately.

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts and fixed term deposits.

iv) Deferred revenue

Deferred revenue relates to unearned revenue billed to partners especially for grants, management fees, interest income, etc. which is deferred and recognised when conditions to be recognised are fulfilled.

On the other hand, receiving a free asset from someone else without any conditions attached is different (a case of Imbuto Foundation). A grant related to assets is presented in the statement of financial position either as deferred income or as a deduction from the carrying value of the related asset.

RMS received a donation from Imbuto Foundation and PSM related to Fridges and IT equipment. However, the donation was accounted as deferred income from the time it was received and related income is accounted over the useful life of the equipment received.

v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

vi) Taxation

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity. Current tax is provided on the results for the period, adjusted in accordance with tax legislation.

vii) Contingent liabilities

As at 30 June 2024, RMS Ltd had pending lawsuits for different cases amounting to **Frw 143,411,306** and the court had pronounced decisions against RMS Ltd. RMS has therefore appealed against the court decisions for different cases and it is waiting the court final decision.

viii) Related party disclosures

The entity signed a 5 years' co-ownership agreement with key management personnel for the acquisition of transport facilitation and it paid **Frw 95,689,612** related to taxes which is treated as receivable as amortised over the co-ownership period.

5. Financial risk management

The company's activities expose it to a variety of financial risks including credit, liquidity and market risks. Risk management is carried out by RMS management under policies approved by the directors. The policies focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the entity's performance by setting acceptable levels of risk. The entity has not hedged against any risks in the current year.

(a) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

RMS has put in place five-year strategic plan that defines the vision and overall policy. Among other things, it is based on analyses of external economic conditions, the competitive environment and the position of the Group. The strategy of the Board of Directors and management has been aimed at closely monitoring market conditions, operating environment and the opportunities that lie there. Performing this role of ambition can achieve greater operational success and limit the impact that strategic risk can entail.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such interest rates, foreign exchange rates and equity prices. The objective of market risk is to manage and control market risk exposure within acceptable levels, while ensuring the attainment of the entity's objectives.

(c) Interest rate risk

Interest rate risk is the risk that the future profitability and or cash flows of financial instruments will fluctuate because of changes in the market rates. RMS did not have any interest-bearing instruments and was not exposed to interest rate risk.

(d) Foreign exchange risk

Foreign exchange risk arises from future foreign transactions and recognized as assets and liabilities. RMS does not hedge any foreign exchange risk.

(e) Price risk

Price risk arises from the fluctuation in the prices of the commodities purchase whose prices are determined by the market forces that are not within the control of the company. There has been significant price variation due to the weakening of the Rwandan Francs against the convertible currencies, and the inflation factor. Although these have affected the operations of RMS, they are not anticipated to have significant impact on the operations of the RMS in the foreseeable future.

(f) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. To manage the level of credit risk, the company deal with counter parties of good credit standing and wherever possible and when appropriate, engage in partners in the sector.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Management also monitors concentrations of credit risk that arise by industry and type of customer in relation to the entity's loans and advances to customers by carrying a balanced portfolio. The company has no significant exposure to any individual customer or counterparty.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and related parties and cash and bank balances.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Write-off policy

Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment allowance has been raised, then that amount will be written off. The determination is reached after considering information such as the occurrence of significant changes in the customer's position such that the customer can no longer pay the obligation. Cash surpluses are maintained with credible financial institutions.

The largest concentrations of credit exposure within RMS arises from long outstanding receivables. The directors do not consider the credit risk exposure to be significant because customers are health facilities which are under the same umbrella of Rwandan government.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Description	As at 30 June 2024	As at 30 June 2023
	Frw	Frw
Cash and cash equivalent	29,850,305,045	27,289,224,582
Trade receivables	23,613,248,671	19,324,234,444
Other receivables	17,834,949,496	8,611,298,338
Total	71,298,503,212	55,224,757,364

The company uses expected credit losses model (ECL) for all its accounts receivables. The aging of trade receivables at the reporting date was:

	30 June 2024		
	Gross Frw	Provision (ECL) Frw	Carrying amount Frw
Current	2,988,217,907	48,577,964	2,939,639,942
30 days past due	1,764,707,940	132,406,037	1,632,301,903
60 days past due	932,822,555	122,481,934	810,340,621
90 days past due	1,517,689,121	408,042,103	1,109,647,018
120 days past due	5,815,878,915	2,690,919,936	3,124,958,979

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024		
	Gross Frw	Provision (ECL) Frw	Carrying amount Frw
Over 270 days	10,593,932,233	6,462,298,662	4,131,633,571
Total	23,613,248,670	9,864,726,635	13,748,522,035

(g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management of liquidity risk

Liquidity of the company is monitored by the executive management of the company who are involved in the day-to-day operations of the company. Cash flow forecasting is performed to monitor rolling forecasts of the company liquidity requirements to ensure it has sufficient cash to meet its contractual obligations. Such forecasting takes into consideration the company working capital requirements, covenant compliance and compliance with internal ratio targets at reporting date.

The company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

All new activities outside the approved budget are approved by the Directors after being assured of the available funding source.

Residual contractual maturities of financial liabilities

The table below analyses financial liabilities into relevant maturities based on the remaining period at year end to the contractual maturity date:

	Carrying amount	30 days or less	60 days or less	90 days or less	120 days or less	More than 120 days
Year ended 30 June 2024	Frw					
Liquidity risk						
ASSETS						
Trade receivables	23,613,248,671	4,752,925,847	932,822,555	1,517,689,121	5,815,878,915	10,593,932,233
Other receivables	17,834,949,496	8,367,221,183	43,169,469	3,243,097,573	5,982,840,364	198,620,907
Cash and Cash equivalent	29,789,085,331	-	21,789,085,331	-	-	8,000,000,000
Total Financial Assets	71,237,283,498	13,120,147,030	22,765,077,355	4,760,786,694	11,798,719,279	18,792,553,140

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Carrying amount	30 days or less	60 days or less	90 days or less	120 days or less	More than 120 days
LIABILITIES						
Trade payables	37,436,989,538	2,855,162,395	14,663,210,668	9,239,673,536	2,855,162,395	7,823,780,544
Other Payables	6,157,647,218	1,135,374,506	-	1,905,996,541	-	3,116,276,171
Total Financial liabilities	43,594,636,756	3,990,536,901	14,663,210,668	11,145,670,077	2,855,162,395	10,940,056,715
Net Liquidity Gap	27,642,646,742	9,129,610,129	8,101,866,687	(6,384,883,383)	8,943,556,884	7,852,496,425

(h) Capital management

RMS equity comprises the share capital, retained earnings, revaluation reserves and other reserved amounting to **Frw 64,083,974,426**. As of the date of the balance sheet, RMS had no loans and borrowings and was not subject to externally imposed capital requirements. There were no major changes in RMS Ltd's approach to capital management during the year. The Management Team's policy is to maintain a strong capital base so as to maintain partners, creditor and market confidence and to sustain future development of the business.

2. Sales revenue

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Sales	31,363,978,627	30,468,460,864
Total	31,363,978,627	30,468,460,864

3. Cost of sales

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Opening inventory branches	6,843,419,269	5,361,472,198
HQ cost of sales (value of items transferred to branches)	26,684,683,700	26,751,624,011
Closing inventory branches	(7,857,962,338)	(6,843,419,269)
Total	25,670,140,631	25,269,676,940

4. Operating income

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Management fees	3,294,623,341	970,402,522
Penalties, tender documents and other management fees	3,720,291,399	3,994,035,025

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
USAID income	26,375,431,222	13,025,894,511
Total	33,390,345,962	17,990,332,058

RMS derives income from normal business of managing the supply change for partners and receive the income in form of service fee (management fee) to cater for procurement, warehousing and distribution. The entity also get income from executing task orders toward a 5 years' contract signed with USAID and the savings between income received and expenses incurred are used to streamline health supply chain activities.

5. Operating expenses

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Transport	232,414,059	128,172,526
Other services consumed <i>note 5.1</i>	15,676,578,638	8,608,081,059
Duties and taxes	810,000	50,467,384
Materials and other consumables	328,058,213	314,076,389
Staff costs <i>note 5.2</i>	4,899,372,466	4,085,543,685
Depreciation for the year	1,027,703,090	947,705,283
Total	22,164,936,466	14,134,046,326

5.1. Other services consumed

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Warehouse rent	518,142,853	674,502,313
Communication fee	243,948,898	219,445,718
Building maintenance	276,239,615	264,392,692
Motor vehicle maintenance	199,964,496	171,385,917
Consultancy	175,782,624	170,908,705
Water and electricity	136,892,828	118,553,579
Workshops and meeting cost	322,724,270	175,338,851
Security	267,670,080	243,450,000
Quality inspection fees	359,076,973	530,818,781
Clearing charges	105,238,987	76,978,174
Incineration cost	342,242,377	69,461,216
Mosquito net distribution cost	126,939,706	205,730,632
USAID Expenses	9,320,158,270	5,518,301,938
Stock expiries	3,110,441,972	-
Other expenses	171,114,689	168,812,543
Total	15,676,578,638	8,608,081,059

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5.2. Staff costs

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Basic salary	3,246,285,503	2,939,241,149
Housing	429,767,429	389,756,615
Transport	661,025,583	495,552,999
Pension	183,459,845	168,442,747
Tender committee allowance	32,682,585	8,700,055
Sport and recreation	18,208,500	65,186,452
Staff trainings	15,878,996	18,663,668
Leave allowance	312,064,025	-
Total	4,899,372,466	4,085,543,685

6. Other income

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Interest	997,558,829	855,373,294
Exchange gain	2,147,913,575	2,212,522,491
Provision retained back	3,782,338,932	-
Total	6,927,811,336	3,067,895,785

RMS Ltd receive interest income on short deposit placed in commercial banks at an interest rate of 10% p.a and the interest of current account balance in commercial bank at an interest rate of 4.5% p.a. RMS also realise forex gain for transactions in foreign currencies. The provision written back is the result of comparison of last year accumulated Expected Credit Loss (ECL) with the expected credit lost for the current financial year accumulated Expected Credit Loss (ECL).

7. Other expenses

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
Other charges note 7.1	3,625,113,673	7,213,109,804
Provision for bad debts	-	3,020,661,880
Provision for stock	-	1,073,816,038
Revaluation loss	-	-
Total	3,625,113,673	11,307,587,722

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7.1. Other charges

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
External mission fees	27,870,005	10,069,571
Internal mission fees	213,068,805	167,339,025
Warehouses and buildings insurance	236,223,130	72,555,146
Moto vehicle insurance	11,272,781	17,503,763
Loading and off loading	306,194,588	243,855,089
Exchange loss	4,116,479,971	4,692,719,730
Stock adjustment	(1,358,024,296)	1,983,541,545
Other expenses	72,028,689	25,525,935
Total	3,625,113,673	7,213,109,804

8. Taxation

8.1. Income tax

	Description	12 months to 30 June 2024	
		Frw	Frw
	Profit per accounts		20,221,945,155
Add back	Non- Deductible expenses		1,050,371,457
	Communication BOD (workings)	3,420,000	
	Annual depreciation charges	1,027,703,090	
	Telephone & communication (20%)	19,248,367	
Less	Deductions		30,623,273,568
	Other income Global Funds	3,294,623,341	
	USAID	26,375,431,222	
	Tax depreciation allowance	953,219,005	
	Adjusted loss for the period		(9,350,956,956)
	Loss from previous year		(12,665,375,921)
	Loss carried forward		(22,016,332,877)
	Taxation at 28%		-

8.2. Deferred tax

Description	12 months to 30 June 2024	12 months to 30 June 2023
	Frw	Frw
As at 1st July 2023	5,022,208,293	1,222,595,517
Deferred tax credit	3,730,609,815	3,799,612,776
Derecognized amount	(8,752,818,108)	-
Closing balance	-	5,022,208,293

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit. The deferred tax was recognised as per IAS 12 requirements.

9. Intangible assets

Description	As at 30 June 2024	As at 30 June 2023
	Frw	Frw
Revalued		
Revalued		
As at 1 July 2023	810,016,000	810,016,000
As at 30 June 2024	810,016,000	810,016,000
Accumulated Amortization:		
As at 1 July 2023	81,001,600	-
Charge for the year	81,001,600	81,001,600
As at 30 June 2024	162,003,200	81,001,600
Net Book Value:		
As at 30 June 2024	648,012,800	729,014,400

Intangible assets relate principally to accounting software sage line 500 and the inventory management system, electronic logistic management information systems (eLMIS). Intangible assets are carried at revalued amount less amortisation and any subsequent impairments.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

10. Property, Plant and Equipment

Description	Land	Building and site works	Motor vehicles	IT equipment	Furniture, fittings and other fixed assets	Total
	Frw	Frw	Frw	Frw	Frw	Frw
Cost						
As at 1 st July 2023	3,062,757,850	4,471,267,295	576,787,500	589,565,663	1,178,503,274	9,878,881,582
Additions	8,500,000	-	-	269,826,938	5,801,000	284,127,938
Adjustments (Labophar and misclassified assets)	(198,525,000)	(348,717,301)	(2,195,625)	282,440,265	(285,395,249)	-
Total	2,872,732,850	4,122,549,994	574,591,875	1,141,832,866	898,909,025	9,610,616,610
Accumulated depreciation						
At 1 July 2023	-	223,563,365	147,316,875	238,174,498	261,594,945	870,649,683
Annual charges	-	197,798,500	106,818,750	468,063,255	174,020,985	946,701,490
Adjustments (Labophar and misclassified assets)	-	(17,435,865)	-	(10,648,038)	(58,950,029)	(87,033,932)
As at 30 June 2024	-	403,926,000	254,135,625	695,589,715	376,665,901	1,730,317,241
Carrying amount						
NBV at 30 June 2024	2,872,732,850	3,718,623,994	320,456,250	446,243,151	522,243,124	7,880,299,369
As at 30 June 2023						
At 1 July 2022	2,632,757,850	4,471,418,858	596,362,500	253,086,363	957,331,868	8,910,957,438
Additions	430,000,000			311,125,000	204,883,706	946,008,706
Adjustment		(151,563)	(19,575,000)	25,354,300	16,287,700	21,915,437
30-Jun-23	3,062,757,850	4,471,267,295	576,787,500	589,565,663	1,178,503,274	9,878,881,581
Accumulated depreciation:						
At 1 July 2022	-	-	3,120,000	-	826,000	3,946,000
Annual charges	-	223,563,365	144,196,875	238,174,498	260,768,945	866,703,682
As at 30 June 2023	-	223,563,365	147,316,875	238,174,498	261,594,945	870,649,683
Carrying amount						
NBV at 30 June 2023	3,062,757,850	4,247,703,930	429,470,625	351,391,165	916,908,329	9,008,231,898

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. Work-in-progress

Description	As at 30 June 2024	As at 30 June 2023
	Frw	Frw
Work in progress (building)	2,443,751	-
Work in progress (SAP-ERP)	526,809,923	-
Total	529,253,674	-

The work in progress relate to major projects that RMS in implementing namely the construction of modern warehouse and the implementation of new IT system, Enterprise Resource Planning (ERP).

12. Inventory

Description	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Inventory -essential medicines HQ	15,572,216,069	7,624,462,046
Inventory - medicines - programmes HQ	49,938,105,868	39,340,025,708
Inventory - consumables	96,432,216	112,780,476
Expired medicines	-	(1,897,494,658)
Inventory - essential medecines ZIPLINE	231,604,942	164,013,659
Inventory - essential medecines branches	7,626,357,396	6,679,405,610
Inventory-program medecines branches	12,999,807,546	-
Total inventory	86,464,524,037	52,023,192,841
Less: Provision retained back	(1,122,982,837)	(2,477,620,279)
Total inventory	80,191,120,831	49,545,572,562
Provisions reconciliation		
At start of the period	2,477,620,279	1,403,804,241
Provisions for the period	(1,354,637,442)	1,073,816,038
Total provision	1,122,982,837	2,477,620,279

Programmes inventory represents consignments managed by RMS Ltd. For the purpose of financial position of RMS Ltd, this should be treated separately. The program inventory is linked to Program partner contribution report in current liabilities under note 20

Inventory movements

Description	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
The inventory value	86,464,524,037	52,023,192,841
The cost of inventory recognized as expenses	25,670,140,631	25,269,676,940
The expiries of the period (write offs)	3,110,441,972	1,897,494,658
Provision	1,122,982,837	2,477,620,279

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The inventory balance is stated at net realizable value. Provisions for obsolete, slow-moving, and expired inventory are assessed regularly based on inventory counting done quarterly and usage trends. Any expired or unusable inventory is written off, and a provision is recognized for items expected to become obsolete. Changes in inventory provisions are reviewed periodically and adjusted as necessary to reflect the latest assessments. Whereas the expired products recognized as an expense in the reporting period.

13. Trade and other receivables

Description	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Trade receivables	23,613,248,671	19,324,234,444
Other receivables	17,834,949,496	8,611,298,338
Total	41,448,198,167	27,935,532,782
Less: Expected credit loss	(9,864,726,635)	(12,292,428,125)
Net receivables	31,583,471,532	15,643,104,657
Provisions reconciliation		
At start of the period	12,292,428,125	
Provisions for the period	(2,427,701,490)	
Total provision	9,864,726,635	

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

14. Cash and cash equivalents

Account name	Bank account N°	Balance as at 30 June 2024 USD	Exchange rate	Balance as at 30 June 2024 Frw	Balance as at 30 June 2023 Frw
BK/Rwanda Medical Supply (Frw)	100000726518			8,676,379,614	4,303,130,245
BK Depot/Rwanda Medical Supply (Frw)	100075540153			8,000,000,000	10,000,000,000
BNR/CAMERWA (Frw)	1000009586			1,252,926,616	1,527,302,933
BNR/MPDD operating (USD)	1000009624	181,171.11	1,311.13	355,429,484	28,721,384
BK/Rwanda Medical Supply (USD)	100035753448	1,583,358.38	1,311.13	2,043,267,576	1,428,337,314
BNR/RMS GF HIV/AIDS and Tuberculosis AC-(Frw)	1000059702			3,917,648,420	2,217,426,406
BNR/RMS GF Malaria Account-(Frw)	1000059718			18,182	54,182
Equity/COGEBANQUE/Recettes/Antipalu (Frw)	130-1400225			38,251,580	38,251,580
BNR/RMS GF HIV AIDS and Tuberculosis (USD)	1000059068	4,188,149.58	1,311.13	5,468,245,678	5,497,408,782
BNR/RMS Ltd GF Malaria (USD)	1000059079	1,149.45	1,311.13	1,512,078	1,716,000,151
BNR/RMS Ltd ENABEL (Frw)	1000079045			9,000	46,916,424
BNR/RMS Ltd ENABEL (USD)	1000079053	47,304.35	1,311.13	61,032,099	310,885,776
BNR/RMS Ltd SPRP (Frw)	1000079037			35,584,718	71,381,792
Equity/COGEBANQUE/Musanze-Frw	01321001716			-	6,210
BK/Nyarugenge - Frw	100004854928			-	66,252,432
BK /Kayonza - Frw	1000017604893			-	24,832,223
BK/Burera - Frw	100002327486			-	2,801,814
Total				29,850,305,045	27,279,709,648

Cash at bank represent cash on different bank accounts for RMS own operations and for donors' operations. The company has in place a 12-months short term deposit of Frw 8,000,000,000 at the interest rate of 10.75% p.a with Bank of Kigali, maturing on 23rd February 2025 with the possibility of renew.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

15. Share capital and reserves

Decription	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Share capital	24,506,137,518	24,506,137,518
Other reserves	13,862,611,444	13,862,611,444
Total share capital	38,368,748,962	38,368,748,962

The issued share capital is shown in the above table with a par Value Per Share of Frw **24,506,137,518** representing 1 share. The reserves resulted from the valuation of assets and liabilities of former MPPD and District pharmacies.

16. Non-current liabilities

Decription	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Initial long term deferred income grant	179,166,667	200,000,000
Less: Amortization of grant for the period	(44,791,667)	(20,833,333)
Less: Amortization for next period transferred to current liability	-	(50,000,000)
Closing long term deferred income grant	134,375,000	129,166,667

Through RBC, RMS received a donation from Imbuto Foundation related to Fridges. However, the donation was accounted as deferred income from the time it was received and related income is accounted over the useful life of the equipment received.

17. Trade and other payables

Decription	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Trade payables	37,436,989,538	26,749,642,103
Short term deferred income grant	-	50,000,000
Other payables	6,157,647,218	21,363,579,164
Total	43,594,636,756	48,163,221,267

18. Program partner contribution to inventory (Donors)

Description	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Program partner contribution to inventory	47,958,677,724	11,927,950,559
Total	47,958,677,724	11,927,950,559

Program partner contribution to inventory is linked with program inventory (**note 12**) acquired on behalf partners ready for distribution. Transactions that affect the program inventory and

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

any funds from partners affect at the same time the partner contribution to inventory. Also advance payments made by RMS on behalf of partners before receiving funds from partners affect the partner contribution to inventory.

19. Prior year adjustments

Description	Balance as at 30 June 2024	Balance as at 30 June 2023
	Frw	Frw
Refund management fees received in excess	-	(6,340,135)
Prior year adjustments on receivables	51,506,943	-
Prior year adjustments on other receivables	135,806,877	-
Prior year adjustments on other payables	(1,069,705,027)	-
Prior year adjustments on assets	681,128,968	
Prior year adjustments on differed tax asset	5,022,208,293	
Prior year adjustments inventory	(1,665,957,426)	
Prior year profit transferred to retained earnings	-	
Correction of misposted management fees	-	1,987,407,434
Cancellation of previous double posting from findings	-	(1,524,727,157)
Omitted revaluation loss for the previous period	-	(1,654,613)
Omitted revaluation gain for the previous period	-	32,104,300
Cancellation of branches opening balances	-	58,800
RAMA & CBHI June 2022	-	(62,688)
Terminal benefits omitted for Jan 2022	-	(16,407,293)
Non consumed fuel post as consumed ended June 2022	-	200,000
Correction of misposted interest received on term deposit	-	210,772,601
Correction of overstatement of revaluation reserve	-	133,428,467
Total	3,154,988,628	814,779,716

20. Support from MOH

A donor hired a consultant to support the Government of Rwanda, Ministry of Health on health supply chain and health system support. As part of that support the consultant is working for RMS to improve the overall supply chain performance and business. The agreement is signed between the consultant and donor as a secondment to the Ministry of Health. The consultant is compensated for the deliverables both at the broader health systems and for service at RMS.