

**RWANDA MEDICAL SUPPLY
LIMITED (RMS Ltd)**

Audit Report and Audited Financial Statements

For the year ended 30 June 2025

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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.

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.

Rwanda Medical Supply Ltd (RMS), headquartered in Gasabo District, Kigali, operates nationwide across all 30 districts. Under the Design Network Optimization Initiative launched in March 2024, RMS implemented a phased consolidation of its distribution network through the Kigali Regional Hub, initially integrating Gasabo, Kicukiro, and Nyarugenge branches. The integration later expanded to Bugesera (March 2025), Kamonyi and Rulindo (October 2025), and finally Gicumbi (1 December 2025). With this final onboarding, RMS completed the full consolidation of seven districts and 381 health facilities under the Kigali Hub, strengthening operational efficiency, centralized inventory management, and service delivery across the network.

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

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

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 2025	12 months to June 2024
	<u>Frw</u>	<u>Frw</u>
The results for the period for the year ended	12,689,748,329	20,221,945,155

1.6 Dividends

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

1.7 Reserves

The reserves of the company are set out on page 13.

1.8 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.

1.8.1 Board of Directors

The members of the Board of Directors who served during the year ended 30 June 2025 and to the date of this report were as follows:

N°	Names of Board member	Position	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.	Ms. ICYIMPAYE Joyce	Board Member	From 14 August 2020 to date
5.	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 2025

1.8.2 Management

The management who held the office during the year ended 30 June 2025 and to the date of this report were as follows:

Names	Position	Period
Dr. LOKO Abraham	Chief Executive Officer	From 08 December 2023 to date
Ms. MUTONI Diana	Deputy Chief Executive Officer	From 14 August 2020 to date
Mr. NIYONZIMA Theogene	Chief of Finance and Administration Officer	From 14 August 2020 to date
Mr. NDEKEZI Ignace	Head of Procurement, Qualification Department	From 14 August 2020 to date
Mr. RURANGWA Clement	Ag. Head Warehouse, sales & Distribution Department	From 06 August 2024 to date
Mr. NZABANDORA Felix	Chief Information and Data officer	From 14 August 2020 to date

1.9 Auditor

The Office of the Auditor General is the Auditor of the Company for the financial year ended 30 June 2025.

1.10 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 2025

2. STATEMENT OF DIRECTORS' 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 2025, 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 **10** to **46** 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 in Rwanda.

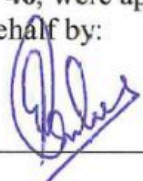
The Directors' responsibility includes the maintenance of accounting records that may be relied upon in the preparation of financial statements, overseeing and endorsing the designing, implementing and maintenance of internal control relevant to the preparation and fair presentation of these financial 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.

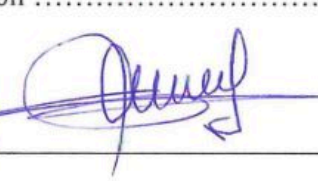
In our opinion, the financial statements of **Rwanda Medical Supply Limited** for the year ended 30 June 2025 give a true and fair view of the state of financial affairs of **Rwanda Medical Supply Limited**. We further accept responsibility for maintenance of accounting records that may be relied upon 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 2025, on pages **10** to **46**, were approved by the Board of Directors on and signed on its behalf by:



Dr. LOKO Abraham
Chief Executive Officer of RMS Ltd



Ms. ILIBAGIZA Claire
Acting Chairperson of the Board of Directors

Date: 13/04/2026

13/04/2026

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4.1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

Description	Note	12 months to 30 June 2025	12 months to 30 June 2024
		Frw	Frw
Sales revenues	5	35,084,445,728	31,363,978,627
Cost of good sold	6	28,964,022,918	25,670,140,631
Gross profit		6,120,422,810	5,693,837,996
Operating revenue	7	39,609,855,957	33,390,345,962
Operating expenses	8	28,722,775,591	22,164,936,466
Operating profit		17,007,503,177	16,919,247,492
Other income	9	3,032,392,450	6,927,811,336
Other expenses	10	7,350,147,298	3,625,113,673
Profit before tax		12,689,748,329	20,221,945,155
Taxation at 28%	11	-	-
Net loss/profit of the year		12,689,748,329	20,221,945,155
Other comprehensive income		-	-
Total comprehensive income for the period		12,689,748,329	20,221,945,155
Attributable to: shareholder		12,689,748,329	20,221,945,155

The explanatory notes on pages 14 to 46 form an integral part of these financial statements.

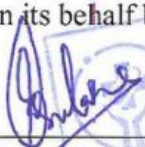
RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

Description	Note	Balance as at 30 June 2025	Balance as at 30 June 2024
		Frw	Frw
ASSETS			
Non current assets			
Intangible assets	13	567,011,200	648,012,800
Work in progress	14	4,653,944,291	529,253,674
Property and equipment	12	8,632,519,690	7,880,299,369
Total non-current Assets		13,853,475,181	9,057,565,843
Current assets			
Inventory	15	102,013,813,819	85,341,541,200
Trade and other receivables	16	50,078,632,928	31,583,471,532
Short term investments	17	10,000,000,000	-
Cash and cash equivalent	18	24,596,693,266	29,789,085,331
Total current assets		186,689,140,012	146,714,098,063
Total assets		200,542,615,193	155,771,663,906
EQUITY AND LIABILITIES			
Equity			
Share capital	19	24,506,137,518	24,506,137,518
Revaluation reserves		496,353,028	496,353,028
Other reserves		13,862,611,444	13,862,611,444
Retained earnings		40,531,430,938	25,218,872,436
Total equity		79,396,532,928	64,083,974,426
Non-current liabilities			
Long term deferred income grant	20	6,114,299,403	134,375,000
Total non-current liabilities		6,114,299,403	134,375,000
Current liabilities			
Trade and other payables	21	57,146,699,918	43,594,636,756
Program partner contribution to inventory	22	57,885,082,944	47,958,677,724
Total current liabilities		115,031,782,861	91,553,314,480
Total liability and equity		200,542,615,193	155,771,663,906

The explanatory notes on pages 14 to 46 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. LOKO Abraham
Chief Executive Officer of RMS Ltd

Date: 13/07/2026



Ms. ILIBAGIZA Claire
Acting Chairperson of the Board of Directors

13/07/2026

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	30-Jun-25	30-Jun-24
	Frw	Frw
Profit before tax	12,689,748,329	20,221,945,155
Add back		
Interest income	(1,275,663,907)	(997,558,829)
Stock Provisions (July-Dec 2024)	1,473,534,654	(3,782,338,932)
Stock Provisions (Jan-Jun 2025)	(1,188,891,144)	-
Provision for bad debt	1,816,867,900	-
Depreciation for the year	812,817,949	1,027,703,090
Amortization for the year	81,001,600	-
Loss on disposal of assets	9,693,589	-
Disposal at zero cash	8,028,612,345	-
Amortization of grant	(34,435,607)	-
Cash flow from operating activities before changes in working capital	22,413,285,707	16,469,750,484
Decrease (increase) in inventory	(6,716,849,912)	(32,775,373,770)
Decrease (increase) in trade and other receivables	(27,962,009,097)	(13,699,979,205)
Increase (decrease) in trade and other payables	5,534,824,409	32,531,847,681
Increase (decrease) in Partner Contribution	9,926,405,220	-
Net cash flow generated from operating activities	3,195,656,326	2,526,245,190
Provision for taxation	-	-
Net cash flows generated from operations	3,195,656,326	2,526,245,190
Cash flows from investing activities		
Interest received	1,275,663,907	997,558,829
Acquisition of Fixed assets	(1,553,381,691)	-
Acquisition of Intangible assets	(4,124,690,617)	-
Movement in PPE	-	(1,029,151,602)
Short term Investment	(10,000,000,000)	-
Net cash flows used in investing activities	(14,402,408,401)	(31,592,773)
Cash flows from financing activities		
Capital grant	6,014,360,010	129,166,667
Net cash in flows from financing activities	6,014,360,010	129,166,667
Net decrease in cash and cash equivalents	(5,192,392,065)	2,623,819,084
Cash and cash equivalent at the start of the period	29,789,085,331	27,289,224,582
Cash and cash equivalents at the end of the period	24,596,693,266	29,789,085,331

The explanatory notes on pages 14 to 46 form an integral part of these financial statements.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4.4. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

Description	Note	Initial capital	Retained earnings	Other reserves	Revaluation reserves	Total
		Frw	Frw	Frw	Frw	Frw
At July 01st, 2024		24,506,137,518	25,218,872,436	13,862,611,444	496,353,028	64,083,974,426
SAP Transition adjustments	23.1	-	2,622,810,173	-	-	2,622,810,173
Profit for the year		-	12,689,748,329	-	-	12,689,748,329
At June 30, 2025		24,506,137,518	40,531,430,938	13,862,611,444	496,353,028	79,396,532,928
At July 1, 2024		24,506,137,518	8,151,915,909	13,862,611,444	496,353,028	47,017,017,899
Prior adjustments	23.2		(3,154,988,628)		-	(3,154,988,628)
Profit for the year		-	20,221,945,155		-	20,221,945,155
At June 30, 2024		24,506,137,518	25,218,872,436	13,862,611,444	496,353,028	64,083,974,426

The explanatory notes on pages 14 to 46 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° 007/2021 of 05/02/2021 as amended by Law N° 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 N° 007/2021 of 05/02/2021 governing companies as amended by the Law N° 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.

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:

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

• **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 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 financial statements are prepared on the going concern basis.

• **Uncertainty over income tax treatments**

The company is subject to income taxes under the Rwanda Income Tax Act. 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 Ltd 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 Ltd has inherited a huge amount of receivables from branches which the assessment has demonstrated that the recoverability is problematic.

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 2025, including consequential amendments to other standards with the date of initial application by the company beginning 1st January 2025 did not have a material impact on the financial statements of the company.

Standard	Description	Effective period beginning on or after
Amendments to IAS 21	Lack of exchangeability	01-Jan-25

ii) New and amended standards and interpretations in issue but not yet effective (but allow early application) for the financial year ended 30 June 2025

Standard	Description	Effective period beginning on or after
Standards Amended: IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	Annual improvements - volume 11	01-Jan-26
IFRS 9 & IFRS 7 Amendments	Financial instruments	01-Jan-26
Amendments IFRS 9 and IFRS 7	Classification and measurement of financial instruments	01-Jan-26
IFRS 18	Presentation of Financial Statements	01-Jan-27

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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) Cash flow statement preparation

The statement of cash flows has been prepared in accordance with *IAS 7 – Statement of Cash Flows*, using the indirect method. Cash flows are classified and reported under three main activities: Operating activities, Investing activities and Financing activities.

c) 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 RMS Ltd 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.

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.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

RMS Ltd recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in its 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 statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

<u>Type of product/ service</u>	<u>Nature and timing of satisfaction of performance obligations, including significant payment terms</u>	<u>Revenue recognition</u>
Sale of medicines and medical supplies	Performance obligation is the transfer of control of goods to the customer. • Satisfied at a point in time, upon delivery and customer acceptance. • Payment terms are based on approved contract terms or customer credit arrangements; no significant variable consideration.	Revenue is recognized when control transfers, typically on delivery.
Distribution and services for partner entities (RBC, MOH, etc)	• Performance obligation is provision of distribution and logistics services for partner-owned medicines. • Satisfied over time as deliveries are made to designated health facilities. • Payment terms are based on MoU and contracts terms and conditions agreed with partners.	Revenue is recognized over time, based on quantities delivered or milestones achieved during the reporting period.
Storage /warehousing services	Performance obligation is providing storage space and maintaining inventory conditions. • Satisfied over time, usually monthly. • Payments are typically made on Purchase order amount and RMS Ltd take the fees of 2% (medical equipment), 8% (medicines).	Revenue is recognized over time, aligned to the Purchase orders received in RMS Ltd warehouses.
Procurement / handling fees (if applicable)	• RMS also receives the other fees such as Tender documents fees. • Performance obligation is procurement facilitation or handling of medical supplies. • Satisfied at a point in time when service is completed (e.g., order placed, goods handed over). • Payment terms follow the service agreement or MoU.	Revenue is recognized at the point the service is performed.
Bank interests	RMS receives bank interests on deposits and currents accounts.	Revenue is recognized on agreed period.

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 (ELMIS and Sage), were measured using the revaluation model at the time RMS prepared its first set of financial statements. The revalued amounts represented fair values determined based on appraisals performed by independent external professional valuers.

Any resulting revaluation surplus was recognised in other comprehensive income and accumulated in equity under the revaluation reserve at the date of revaluation. To the extent that a revaluation increase reversed a revaluation decrease or an impairment loss previously recognised in profit or loss, the increase was recognised in profit or loss, with any excess recognised in other comprehensive income.

After revaluation, the intangible assets continued to be amortised over their remaining useful lives based on the revalued carrying amounts, and the related amortisation expense is recognised in profit or loss.

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 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 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.

RWANDA MEDICAL SUPPLY (RMS) LIMITED
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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. 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 fixed assets

IAS 36 requires companies to ensure that assets are not carried at more than their recoverable amount. RMS must assess whether any indicators of impairment exist for its key assets (such as inventories, receivables, warehouse equipment, distribution fleet, and ICT systems). If indicators exist, RMS must estimate the recoverable amount and recognize an impairment loss when the asset's carrying value exceeds its recoverable amount.

The damaged asset in question is the warehouse located in the Free Zone, which was affected by a sewage system incident. The warehouse is currently under maintenance, and impairment testing could not be performed at this stage because the asset is not yet available for use. Since the warehouse is still undergoing major repairs, it is not in the condition necessary to generate economic benefits. As a result, a reliable estimate of its recoverable amount cannot be determined until maintenance activities are completed. Impairment testing will therefore be performed once the asset is restored to a usable condition and ready for its intended operational purpose.

In line with IAS 36: Impairment of Assets, impairment testing should be carried out when:

The asset is available for use, and indicators of impairment exist and can be measured reliably. During major maintenance, IAS 36 acknowledges that the asset is not yet in a state that permits a dependable assessment of impairment. Accordingly, the impairment test will be conducted after the maintenance works are finalized.

i) 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.

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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 the groups, which are determined in reference to homogenous group (Public health facilities) of a counterparty and the impairment loss is then based on recent historical counterparty default rates applied to each aging category are as follows, calibrated per IFRS 9 and our credit risk model:

Current: 2.6%
30 days past due: 12.0%
60 days past due: 21.0%
90 days past due: 43.0%
120 days past due: 74.0%
Over 270 days: 100.0% 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.

- ***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.

- ***Impairment of 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.

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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 cash flows 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.

Under IFRS 9, the Company applies the Expected Credit Loss (ECL) model to its financial assets, mainly trade receivables. The ECL is measured using a provision matrix that considers historical loss rates derived from the settlement patterns of invoices over an average period of 2 years.

These historical default trends are then adjusted using macroeconomic overlays to incorporate both current conditions and forward-looking information—such as inflation, GDP trends, sector performance, or customer financial stress indicators. This approach ensures that the Company recognizes credit losses in a timely and realistic manner, reflecting both past experience and expected future credit risks.

- ***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. Program partners' contribution to inventory is not RMS liabilities and for any further analysis about RMS financial situation, this should be analysed separately.

- ***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 2025 RMS Ltd did not have assets and liabilities that fulfil these conditions of contract assets and contracts liability.

j) 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 zero and the total amount recognized as an expense incurred as of the reporting date is Frw 168,366,294.

k) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts.

l) Deferred revenue

Deferred revenue relates to unearned revenue billed to partners especially for grants, management fees, interest income (on fixed term deposit), 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).

Government grant

RMS received a donation from Imbuto Foundation and PSM related to Fridges and IT Equipment, However the donation was accounted as grant from the time it was received and related income is accounted over the useful life of the equipment received. 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. The running balance of the deferred income account is presented within the liabilities in the statement of financial position in both:

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The Non-Current Liabilities, Deferred Grant Income for the amount expected to be amortized and released to the P&L after the next 12 months from the reporting date.

The Current Liabilities, Deferred Grant Income for the amount expected to be amortized and released to the P&L in the next 12 months from the reporting date.

m) 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.

n) Taxation

Income tax expense comprises current tax. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period, calculated using tax rates and laws that have been enacted or substantively enacted at the reporting date. Current tax is recognised in profit or loss, except to the extent that it relates to items recognised outside profit or loss, in which case the related tax is recognised in other comprehensive income or directly in equity, consistent with the recognition of the underlying transaction. Current tax for the period is determined based on the results for the year, adjusted in accordance with applicable tax legislation and regulations.

o) Contingent assets

As at 30 June 2025, there was no contingent assets.

p) Related party disclosures

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

RMS Ltd procures, stores, and distributes programme inventory. With respect to the funding aspect, while IAS 2 – Inventories governs the recognition and measurement of the inventory, the related donor funding is accounted for in accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. Donor funding is recognised under donor funds liability – partner contribution to inventory. Accordingly, programme inventory is initially recognised with a corresponding donor funds liability. The liability is subsequently reduced as the inventory is distributed. The distribution of programme inventory amounting to Frw 53,780,794,045 was accounted for through the simultaneous recognition of inventory consumption and a corresponding reduction in the donor funds liability, with the two entries offsetting each other in books of accounts.

q) 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 Ltd management under policies approved by the directors. The policies focus on the unpredictability of changes in the business environment and seek to minimize 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.

r) 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.

s)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.

t)Interest rate risk

Interest rate risk is the risk that 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.

u) Foreign exchange risk

Foreign exchange risk arises from future foreign transactions and are recognized as assets and liabilities. RMS does not hedge any foreign exchange risk. RMS conducts transactions in foreign currencies. In accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, all foreign currency transactions are initially recorded at the functional currency using the exchange rate at the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate, and any resulting exchange differences arising from operations are recognized in profit or loss.

v) 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.

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w) 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.

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 primarily influenced by the collective characteristics and creditworthiness of its customers, which are treated as a single group of health facilities with similar conditions. In line with RMS's Expected Credit Loss (ECL) policy, the Company assesses the probability of default, loss given default, and exposure at default for this group to measure and recognize impairment. Expected credit losses are recognized on all financial assets, including trade receivables, loans, and advances, taking into account forward-looking information and historical loss experience. This approach ensures that the financial statements reflect the estimated credit losses expected to occur over the life of the financial assets, providing a realistic view of the Company's credit risk exposure

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	30 June 2025	30 June 2024
	Frw	Frw
Cash and cash equivalent	24,596,693,266	29,789,085,331

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Description	30 June 2025	30 June 2024
	Frw	Frw
Trade receivables	37,898,519,963	13,748,522,036
Other receivables	35,543,302,034	17,834,949,496
Total	98,038,515,263	61,372,556,863

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.

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Residual contractual maturities of financial instruments

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

Year ended 30 June 2025	Carrying amount	30 days or less	60 days or less	90 days or less	120 days or less	More than 120 days
	Frw	Frw	Frw	Frw	Frw	Frw
Liquidity risk						
ASSETS						
Trade receivables	26,216,925,429	3,516,762,016	2,064,079,003	1,344,472,054	6,343,294,753	12,948,317,603
Other receivables	35,543,302,034	573,356,867	597,104,053	7,682,451,531	26,613,605,164	76,784,420
Short term investment	10,000,000,000	-	-	-	-	10,000,000,000
Cash and cash equivalent	24,596,693,266	24,596,693,266	-	-	-	-
Total Financial Assets	96,356,920,729	28,686,812,149	2,661,183,056	9,026,923,585	32,956,899,917	23,025,102,023
LIABILITIES						
Trade payables	40,862,597,475	17,807,325,887	7,230,755,281	(2,412,114,861)	4,460,234,094	13,776,397,074
Other payables	9,117,487,688	4,345,850,061	628,433,147	-	-	4,143,204,480
Total financial Liabilities	49,980,085,163	22,153,175,948	7,859,188,428	(2,412,114,861)	4,460,234,094	17,919,601,554
Net liquidity gap	46,376,835,566	6,533,636,201	(5,198,005,372)	11,439,038,446	28,496,665,823	5,105,500,469

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5. Sales revenues

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Sales MEDS - revenue	28,996,432,728	31,363,978,627
Sales MEQP - revenue	33,286,910	-
Sales MCON - revenue	4,137,863,283	-
Sales LABS - revenue	1,716,927,350	-
Sales - Malaria	199,935,458	-
Total	35,084,445,728	31,363,978,627

RMS sells health commodities to public health facilities (hospitals and health centers) on credit and private health posts on cash. During the current financial year, the Company implemented a SAP/ERP system. As part of this implementation, products were reclassified and categorized by product type within the chart of accounts. This resulted in changes to the presentation of certain financial statement line items. Accordingly, comparative figures are presented in line with the prior period classification.

6. Cost of goods sold

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Cost of goods sold medicines	24,430,437,941	25,670,140,631
Cost of goods sold medical equipment	128,838,296	-
Cost of goods sold medical consumable	3,048,156,357	-
Cost of goods sold laboratory	1,290,662,610	-
Cost of goods sold Malaria	65,927,715	-
Total	28,964,022,918	25,670,140,631

During the current financial year, the Company implemented a SAP/ERP system. As part of this implementation, products were reclassified and categorized by product type within the chart of accounts. This resulted in changes to the presentation of certain financial statement line items. Accordingly, comparative are presented in line with the prior period classification.

7. Operating revenue

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Management fees	11,276,780,126	3,294,623,341
Exchange gain	7,166,043,107	-
USAID income	21,167,032,724	26,375,431,222
Total	39,609,855,957	29,670,054,563

RMS derives income from normal business of managing the supply chain for partners and receive the income in from of service fee (management fee) to cater for procurement. warehousing and distribution. The entity also get income from executing task orders toward a

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5 years' contract signed with USAID and the savings between income received and expenses incurred are used to streamline health supply chain activities.

Exchange gains are recognized as part of operating revenue as they arise directly from the core operating activities of the Central Medical Store, which include the procurement, storage, and distribution of medical products largely financed through foreign-currency-denominated donor funding and supplier transactions.

During the year, exchange gains were reclassified from other income to operating revenue to better reflect their operating nature and align the presentation with the underlying business activities.

8. Operating expenses

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Other services consumed (note 8.1)	17,726,722,329	15,676,578,638
Duties and taxes	3,242,598	810,000
Materials and other consumables	398,894,815	328,058,213
Staff costs (note 8.2)	5,296,139,264	4,899,372,466
Other operating expenses (note 8.3)	5,297,776,585	1,260,117,149
Total	28,722,775,590	22,164,936,466

8.1. Other service consumed

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Warehouse rent	649,317,500	518,142,853
Communication fee	210,333,424	243,948,898
Buidings maintenance	306,012,775	276,239,615
Motor vehicle maintenance	171,989,960	199,964,496
Consultancy	115,950,475	175,782,624
Water and electricity	120,880,602	136,892,828
Workshops and meeting cost	487,935,372	322,724,270
Security services	266,823,720	267,670,080
Quality inspection fees	73,609,597	359,076,973
Clearing charges	180,008,646	105,238,987
Mosquito net distibition cost	-	126,939,706
USAID expenses	12,614,543,314	9,320,158,270
Incineration cost	261,235,294	342,242,377
Other expenses	-	171,114,689
Stock expiries	2,268,081,651	3,110,441,972
Total	17,726,722,329	15,676,578,638

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8.2. Staff cost

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Basic salary	3,095,735,719	3,246,285,503
Housing	429,592,095	429,767,429
Transport	637,223,511	661,025,583
Pension	307,978,415	183,459,845
Tender committee allowance	45,770,512	32,682,585
Subvantion cantine	4,503,600	-
Sport et loisir	11,373,496	-
Leave allowance	304,965,445	312,064,025
Internship allowance	107,297,092	-
EER RAMA contribution	111,443,468	-
EER maternity contribution	6,168,150	-
Lumpsum allowance	64,563,090	-
Civil servant benefit	8,918,370	-
Mobility allowance	143,887,670	-
Acting allowance	16,718,630	-
Total	5,296,139,264	4,865,284,970

8.3 Other operating expenses

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Realized Exchange Loss	478,652,305	-
Unrealized exchange loss	9,683,026,418	-
Public relations service	3,795,441	-
Postal expenses	443,748	-
Cleaning services	61,099,700	-
Computer & IT equipment maintenance	123,146,956	-
Advertisement & announcement	9,065,860	-
Inside mission allowances	243,954,557	-
Outside mission allowances	24,084,590	-
Bank charges	45,445,354	-
Maintenance of equipments	54,708,480	-
Capacity building /training	23,882,951	-
Internet charges	121,594,056	-
Adjustments for medecines	(3,125,815,527)	-
Adjustment medical equipment	896,086,619	-
Adjustments medical consumable	(2,991,357,748)	-
Adjustments labolatory products	(18,090,719,165)	-
Adjustments other inventory items	(291,563,888)	-
Price difference account	14,987,527,517	-
ER staff meals contribution	137,333,296	-
Adjustments Malaria	(159,036,069)	-

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Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Other expenses	148,270,064	-
Prov for bad/doubtful debts	1,816,867,900	-
Depreciation for the year	812,817,949	1,027,703,090
Transport cost	200,390,203	232,414,059
Casual workers	3,073,420	-
Amortization of intangible assets	81,001,600	-
Total	5,297,776,585	1,260,117,149

During the current financial year, the Company implemented the SAP/ERP system. As part of this implementation, the chart of accounts was reclassified and aligned with more detailed general ledger accounts. This resulted in changes to the presentation and disaggregation of certain financial statement line items.

Accordingly, comparative information has been presented in line with the prior period classification. As a result of the increased level of detail in the current year presentation, certain line items do not have corresponding comparative figures.

9. Other income

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Interest income	1,275,663,907	997,558,829
Exchange gain	-	2,147,913,575
Provision retrained back	1,188,891,144	3,782,338,932
Penalties - received	110,964,281	-
Other income	456,873,118	-
Total	3,032,392,450	6,927,811,336

RMS Ltd receive interest income on short investment placed in commercial banks at an interest rate of 11% p.a and the interest of current account balance in commercial bank at an interest rate of 4.5%. p.a. The provision written back is the result of comparison of six months of stock provision ending December 2024 with stock provision January 2025 to June 2025. Exchange gains are recognized as part of operating revenue as they arise directly from the core operating activities of the Central Medical Store, which include the procurement, storage, and distribution of medical products largely financed through foreign-currency-denominated donor funding and supplier transactions.

During the year, exchange gains were reclassified from other income to operating revenue to better reflect their operating nature and align the presentation with the underlying business activities.

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10. Other expenses

Description	12 months to 30 June 2025	12 months to 30 June 2024
	Frw	Frw
Sitting allowance	6,642,856	-
CSR - corporate social responsibility	20,191,647	-
Rodent control services	19,000,000	-
Entertainment expenses	8,648,949	-
Mileage allowance	358,066	-
Quality control expense	43,995,917	-
Legal fees	97,946,573	-
Other taxes	750,000	-
Round off acc	(5,052)	-
Loss on disposal of assets	9,693,589	-
Membership/subscription	1,153,877,076	-
Charge & pert diver	563,917	-
Co-ownership expense	10,073,774	-
Form personnel	47,816,554	-
Provision for expiries	1,473,534,654	-
External mission fees	42,613,728	27,870,005
Internal mission fees	322,478,492	213,068,805
Insurance for warehouse	346,733,861	236,223,130
Insurance for vehicles	43,079,458	11,272,781
Manpower costs	552,549,578	306,194,588
Exchange loss	1,701,962,821	4,116,479,971
Stock adjustment	1,447,640,840	(1,358,024,296)
Other expenses	-	72,028,689
Total	7,350,147,298	3,625,113,673

During the current financial year, the Company implemented a SAP/ERP system. As part of this implementation, products were reclassified and categorized by product type within the chart of accounts. This resulted in changes to the presentation of certain financial statement line items. Accordingly, comparative are presented in line with the prior period classification. Other expenses increased during the year primarily due to the recognition of SAP/ERP subscription costs and an increase in the provision for doubtful debts. In the prior year, the provision for doubtful debts was written back as the expected credit loss as at 30 June 2024 was lower than the credit loss previously recognized.

11. Taxation

11.1. Corporate Income Tax (CIT)

		As at 30 June 2025
		Frw
	Profit per accounts	12,689,748,329

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		As at 30 June 2025	
		Frw	Frw
Add back	Non- deductible expenses		843,124,149
	Communication BOD (workings)	3,240,000	
	Annual depreciation charges	812,817,949	
	Telephone & communication (20%)	27,066,200	
Less	Deductions		27,717,061,589
	Other income Global funds	4,887,745,670	
	USAID	21,167,032,724	
	Tax depreciation allowance	1,662,283,196	
	Adjusted loss for the period		(14,184,189,112)
	Loss from previous year		-
	Loss carried forward		-
	Taxation at 28%		-

The major revenue streams of RMS Ltd arise from funds received from the United States Government through the implementation of the Transforming Rwanda Medical Supply Project (TRMS) and income generated from the procurement, warehousing, and distribution of products funded by the major donor (the Global Fund.)

These revenue streams are not subject to taxation in accordance with United States Government funding regulations and the agreements signed between the Government of Rwanda and the Global Fund.

11.2. Deferred tax

During the current reporting period, RMS Ltd has no recognised deferred tax assets or liabilities, as all previously recognised deferred tax balances were written off following a reassessment of recoverability in accordance with IAS 12. Management determined that sufficient future taxable profits are not probable, and accordingly the de-recognition impact was recognised in profit or loss, resulting in a nil deferred tax position at the reporting date.

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12. Property Plant and Equipment (PPE)

Description	Land Frw	Building and siteworks Frw	Motor vehicles Frw	IT equipments Frw	Furniture, fittings and other fixed assets Frw	Total Frw
Cost						
As at 1 st July 2024	2,872,732,850	4,122,549,995	574,591,875	1,141,832,865	898,909,025	9,610,616,610
Additions (Land, IT Equipments, Furniture and Fittings)	-	7,000,000	1,196,196,476	195,668,064	154,517,149	1,553,381,691
Adjustments	-	-	-	(14,846,808)	(1,423,888)	(16,270,696)
Adjusted cost	2,872,732,850	4,129,549,995	1,770,788,351	1,322,654,121	1,052,002,286	11,147,727,605
Total						
Accumulated depreciation						
At 1 July 2024	-	403,926,000	254,135,625	695,589,715	376,665,904	1,730,317,244
charges for the Year	-	197,873,500	176,236,253	282,669,745	156,038,451	812,817,949
Adjustments	-	-	-	(17,484,159)	(10,443,115)	(27,927,274)
Acc. depreciation as at 30 June 2025	-	601,799,500	430,371,878	960,775,301	522,261,237	2,515,207,916
NBV at 30 June 2025	2,872,732,850	3,527,750,495	1,340,416,473	361,878,820	529,741,049	8,632,519,690
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 (Land, IT Equipments, Furniture and Fittings)	8,500,000	-	-	269,826,938	5,801,000	284,127,938
Adjustments (Labophar assets and misclassified assets)	(198,525,000)	(348,717,301)	(2,195,625)	282,440,265	(285,395,249)	(552,392,910)
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 assets 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

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13. Intangible assets

Description	As at 30 June 2025	As at 30 June 2024
Revalued	Frw	Frw
Cost		
As at 1 July 2024	810,016,000	810,016,000
Total cost 30 June 2025	810,016,000	810,016,000
Accumulated amortization		
As at 1 July 2024	162,003,200	81,001,600
12 months charge	81,001,600	81,001,600
As at 30 June 2025	243,004,800	162,003,200
NBV as at 30 June 2025	567,011,200	648,012,800

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

14. Work in progress

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Work in Progress (Reehab Freezone Warehouse)	131,100,950	2,443,751
Work in Progress (modern warehouse and admin block)	2,352,866,446	-
S/total 1 WIP for PPE (A)	2,483,967,396	2,443,751
Work in Progress (SAP-ERP)	1,640,723,221	526,809,923
S/total 2 WIP for intangible assets (B)	1,640,723,221	526,809,923
Total (A+B)	4,653,944,291	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), rehabilitation of freezone warehouse.

15. Inventory

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Medical supplies (note 15.1)	101,599,527,570	85,245,108,984
Office supplies and consumables (note 15.2)	414,286,249	96,432,216
Total	102,013,813,819	85,341,541,200

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15.1. Medical supplies

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Stock of medicines	46,821,833,458	-
Stock of MED equipment	8,727,346,167	-
Stock of MED consumables	26,695,531,606	-
Stock of Malaria Products	6,852,343,838	-
Stock of lab equip/consumables	30,239,406,415	-
Materials difference A/C	(16,329,307,566)	-
Inventory -essential medicines HQ	-	15,572,216,069
Inventory - medicines - programmes HQ	-	49,938,105,868
Inventory -essential medecines Zipline	-	231,604,942
Inventory - essential medecines branches	-	7,626,357,396
Inventory-program medecines branches	-	12,999,807,546
Total medical inventory	103,007,153,917	86,368,091,821
Accumulated provision for stock	(1,407,626,347)	(1,122,982,837)
Total	101,599,527,570	85,245,108,984

15.2 Office supplies and consumables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Stock of stationery & office supplies	218,042,836	-
Stock of cleaning & housekeeping consumables	991,382	-
Stock of safety equipment (PPE)	4,886,905	-
Stock of promotional items	1,020,000	-
Stock of ICT consumables	42,500,912	-
Stock of cafeteria & refreshments	46,678,400	-
Stock of tools & instruments	98,113,814	-
Stock of packing materials	2,052,000	-
Inventory - consumables	-	96,432,216
Total	414,286,249	96,432,216
Provisions reconciliation		
At start of the period	1,122,982,837	2,477,620,279
Provisions for the period for 6 months (Jul 2024 Dec 2024)	1,473,534,654	(1,354,637,442)
Provisions for the period for 6 months (Jan 2025 June 2025)	(1,188,891,144)	-
Total provision	1,407,626,347	1,122,982,837

RMS Ltd manages both inventory acquired for sale under the Drugs Revolving Fund and program inventory.

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The Company is responsible for the procurement, warehousing, and distribution of these inventories to health facilities. All related costs, including warehousing, transportation, warehouse insurance, and product insurance, are fully borne by RMS Ltd.

Program inventory is accounted for in accordance with IAS 2 – Inventories, as it meets the definition of inventories under IAS 2.6(c), being supplies to be consumed in the rendering of services.

With respect to the funding aspect, while IAS 2 governs the recognition and measurement of the inventory, the related donor funding is accounted for in accordance with IAS 20: Accounting for Government Grants and Disclosure, under Donor funds liability-partner contribution to inventory. Accordingly, the inventory is initially recognized with a corresponding donor funds liability, which is subsequently reduced as the inventory is distributed. The program inventory is linked to Program partner contribution report in current liabilities.

Inventory movements

Description	30 June 2025	30 June 2024
	Frw	Frw
The inventory value	103,007,153,917	86,368,091,821
The cost of inventory recognized as expenses	29,067,284,026	25,670,140,631
The expiries of the period (write offs)	2,268,081,651	3,110,441,972
Provision	284,643,510	1,354,637,442

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.

16. Trade receivables and other receivables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Trade receivables (note 16.1)	14,535,330,894	13,748,522,036
Other rceivables (note 16.2)	35,543,302,034	17,834,949,496
Total	50,078,632,928	31,583,471,532

ECL is measured in accordance with IFRS 9, based on forward-looking information referring to Moody's model and assessment of credit risk over the life of receivables.

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16.1. Trade receivables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Trade debtors	26,216,925,429	23,613,248,671
Less: Expected credit loss	11,681,594,535	9,864,726,635
Total trade receivables	14,535,330,894	13,748,522,036
Provisions reconciliation		
At start of the period	9,864,726,635	12,292,428,125
Provisions for the period	1,816,867,900	(2,427,701,490)
Total provision	11,681,594,535	9,864,726,635

16.2. Other receivables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Donor reconcilliation	26,613,605,164	-
Accrued revenues	337,534,248	-
Supplier advance	7,344,917,283	-
Co-ownership vehicle contribution	32,627,451	-
RFDA insp. receivable	-	-
Customer recievables adjustment A/c-Fx valuation	573,356,867	-
Pre-paid expenses	597,104,053	-
Other receivables	44,156,969	17,834,949,496
Total other receivables	35,543,302,034	17,834,949,496

17. Short term investment

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Fixed term deposit	10,000,000,000	=
Total	10,000,000,000	=

The company has in place a 12-months short term deposit of Frw 10,000,000,000 at the interest rate of 11% p.a with Bank of Kigali, maturing on 11th March 2026 with the possibility of renewal.

18. Cash and cash equivalent

Account name	Bank account N°	Balance as at June 2025	Balance as at June 2024
		Frw	Frw
BNR - CAMERWA(Frw) Main Bank	14000000	1,287,891,267	1,252,926,616
BNR - MPDD Operating (USD) Main Bank	14000100	76,803,985	237,538,934

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Account name	Bank account N°	Balance as at June 2025	Balance as at June 2024
		Frw	Frw
BNR - RMS GF Malaria Account (Frw) Main Bank	14000200	35,182	18,182
BNR- RMS GF/HIV/AIDS&Tuberculosis AC(RWF)MainBank	14000300	4,902,103,227	3,917,648,420
BNR -RMS GF HIV AIDS &Tuberculosis AC(USD) MainBank	14000400	3,241,895,988	5,491,209,857
BNR - RMS Ltd GF Malaria (USD) main Bank	14000500	563,570,154	1,507,079
BNR - RMS Ltd ENABEL (Frw Main Bank	14000600	1,327,660,501	9,000
BNR - RMS Ltd Enabel (USD) Main Bank	14000700	3,470,068,548	62,022,167
BNR - RMS LTD SPRP (Frw) Main Bank	14000800	24,758,436	35,584,718
BK-FXD Term-RMS (Frw) Main Bank	14000900	-	8,000,000,000
BK-RMS (Frw) Main Bank	14001000	5,785,974,235	8,676,379,614
BK-RMS (Frw) Incoming A/c	14001002	195,108,320	-
BK-RMS (USD) Main Bank	14001100	3,323,866,377	2,075,989,164
Equity Bank (Frw) Main Bank	14001200	38,251,580	38,251,580
BK - USD VISA Card Main Bank	14001300	37,504,658	-
BK – ENABEL (Frw) Main Bank	14001400	319,675,284	-
MOMO-HQ Main	14001500	-	-
MOMO-KIG Main	14001510	1,388,625	-
MOMO-MSZ Main	14001520	136,900	-
MOMO-GAK Main	14001530	-	-
MOMO-MUH Main	14001540	-	-
MOMO-NYM Main	14001550	-	-
MOMO-RSZ Main	14001570	-	-
MOMO-NYB Main	14001580	-	-
MOMO-NYZ main	14001590	-	-
BNR-RMS Ltd-Frw main	14001700	-	-
BNR-RMS Ltd-USD main	14001800	-	-
N/a Fx adjustment banks	14007000	-	-
Letter of credit	14008000	-	-
Petty cash	14009000	-	-
Total		24,596,693,266	29,789,085,331

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19. Share Capital and reserves

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Share capital	24,506,137,518	24,506,137,518
Other reserves	13,862,611,444	13,862,611,444
Revaluation reserves	496,353,028	496,353,028
Total	38,865,101,990	38,865,101,990

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.

20. Long term deferred income grant

Description	30 June 2025	30 June 2024
	Frw	Frw
Opening long term deferred income grant	134,375,000	179,166,667
Long term deferred income grant (additions)	6,044,323,198	
Less: Amortization of grant for the period (Imbuto Foundation)	(33,593,750)	(44,791,667)
Less: Amortization of grant for the period (PSM)	(841,856)	-
Transferred balance to current liabilities (Imbuto Foundation)	(25,195,313)	-
Transferred balance to current liabilities (PSM)	(4,767,875)	-
Closing Long term deferred income grant	6,114,299,403	134,375,000

Though RBC, RMS Ltd 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.

21. Trade and other payables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Trade payables (note 21.1)	48,029,212,230	37,436,989,538
Other payables (note 21.2)	9,117,487,688	6,157,647,218
Total	57,146,699,918	43,594,636,756

21.1 Trade payables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Vendor reconciliation	44,205,746,668	37,436,989,538
Payroll vendor	177,387,324	-

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Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Foreign currency valuation adjustment vendors	3,646,078,238	-
Total trade payables	<u>48,029,212,230</u>	37,436,989,538

21.2 Other payables

Description	As at 30 June 2025	As at 30 June 2024
	Frw	Frw
Short term differed income grant	29,963,188	-
OB - purchase provision (Malaria)	3,139,237,279	-
Penalties GF	865,746,163	-
Penalties OB	138,221,038	-
Withholding tax 3%	61,962,370	-
Withholding tax 15%	145,760,838	-
Withholding tax 30%	149,999	-
Take home payment	1,485,453	-
Staff meals liability	(195,504)	-
Accrued expenses	19,222,860	-
GR/IR - goods received not invoiced	4,451,898,708	-
Bounced payments	8,582,726	-
BP refund	(628,337)	-
Input VAT 18% payable	256,080,906	-
Total other payables	9,117,487,688	6,157,647,218

22. Program partner contribution to inventory (Donors)

Description	30 June 2025	30 June 2024
	Frw	Frw
Program partner contribution to inventory	57,885,082,944	47,958,677,724
Total	57,885,082,944	47,958,677,724

23. Adjustments

23.1. Transitional adjustments

Description	30 June 2025	30 June 2024
	Frw	Frw
SAP Transition adjustments on receivables	(5,982,588,754)	-
SAP Transition adjustments on other receivables	(1,667,391,048)	-
SAP Transition adjustments on payable and other payables	(8,017,238,753)	-
SAP Transition adjustments on asset	8,049,962,512	-
SAP Transition adjustments inventory	10,240,066,216	-
Total	2,622,810,173	-

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During the SAP data migration in November 2024, errors occurred in the upload of inventory, accounts receivable, assets and accounts payable balances. Certain adjustments that were processed following the June 2024 audit were not reflected in the balances uploaded at that time. As a result, the opening balance of retained earnings, which was calculated based on those balances, was misstated.

Upon identification of these errors, the balances were corrected accordingly, resulting in a corresponding adjustment to the opening balance of retained earnings.

23.2. Prior year adjustments

Description	30 June 2025	30 June 2024
	Frw	Frw
Prior year adjustments on receivables	-	51,506,943
Prior year adjustments on other receivables	-	135,806,877
Prior year adjustments on payable and other payables	-	(1,069,705,027)
Prior year adjustments on asset	-	681,128,968
Prior year adjustments on differed tax asset	-	5,022,208,293
Prior year adjustments inventory	-	(1,665,957,426)
Total	-	3,154,988,628

24. 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 Ltd to improve the overall supply chain performance and business. The agreement is signed between the consultant and donor as a secondment to ministry of health. The consultant is compensated for the deliverables both at the broader health systems and for service at RMS Ltd.

25. Events after the year end

Subsequent to the reporting date of 30 June 2025, RMS Ltd was in the process of implementing its strategic operational reorganisation relating to the restructuring of its 30 regional warehouses into five operational hubs.

The warehouse restructuring initiative, which commenced during the financial year ended 30 June 2024 and continued thereafter, is intended to enhance operational efficiency, optimise distribution and logistics processes, and strengthen inventory management across the country.

As at the reporting date, the implementation of the restructuring had not progressed to a stage where the financial effects could be reliably measured, and the key implementation activities were substantially under progress.

Management has assessed this matter in accordance with IAS 10 – Events after the Reporting Period and concluded that the restructuring of regional warehouses represents a non-adjusting event after the reporting period, as it relates to conditions that arose after 30 June 2025.

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Regarding the restructuring of the regional warehouses, management has further determined that no restructuring costs will be incurred, as all affected staff were redeployed within RMS Ltd's revised organisational structure, which was designed to support the Company's operational reorganisation. Accordingly, no restructuring provision has been recognised in the financial statements for the year ended 30 June 2025.

Any future costs directly attributable to the implementation of the operational reorganisation, if any, will be recognised in the periods in which they are incurred.