



ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2023

CONFIDENTIAL

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1. COMPANY INFORMATION

Company name: Huza Network CBC

Company registration number: 121245316

Board Members: Baingana Margaret Bonabana
Ampurire Angel Phionah
Karaiga William

Managing Director: Mpema Lyse

Registered Office: Tele 10 Building, 5th Floor
KG 220 St
Gishushu, Nyarutarama
Tel: +250 790 134 680
Email: info@huzafoundation.com

Bankers: Access Bank Rwanda Plc
P.O Box 2059
Kigali, Rwanda

2. REPORT OF THE MANAGEMENT

The Management is pleased to present the annual report and financial statements for the period ended 31 December 2023 which disclose the state of affairs of Huza Network CBC.

Principal areas of practice

Huza Network CBC was incorporated in Rwanda on 09 March 2023, as a community based company dedicated to promoting legal excellence by providing access to soft skills training, networking opportunities, and placements for young lawyers, with a great emphasis on female young lawyers as well as young lawyers with disabilities. Huza Network CBC strives to ensure that Rwanda's market gains talented and well-equipped young lawyers who can deliver quality legal services.

Huza Network CBC was created by lawyers based in Rwanda whose goal was to tap into their experience and networks to assist young lawyers. Their vision was to address the prevalent issue of limited employment opportunities for young lawyers in Rwanda, particularly among the youth demographic.

Shareholding


Huza Network CBC does not have a paid-up capital as it is limited by guarantees.

Result and dividends

A community benefit company (CBC) is a company which is incorporated when its shareholders/guarantors are not profit oriented. The company conducts business and makes profits like any other ordinary company, only that its profits are ploughed back and re-invested into the company to achieve its social objectives instead of being shared by the owners in form of dividends.

Audit

The company has taken advantage of the exemption for smaller companies not to require an audit. Therefore, the financial statements for the year ended 31 December 2023 have not been audited.



Mpema Lyse
Managing Director | HUZA Network CBC



3. STATEMENT OF THE DIRECTORS' RESPONSIBILITY

The company is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Law N° 007/2021 of 05/02/2021 governing companies requires companies to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year.

It also requires companies to keep proper accounting records that are sufficient to show and explain the transactions of the company, that disclose with reasonable accuracy, the financial position of the company and that enable them to prepare the financial statements of the company that comply with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) and the requirements of Law N° 007/2021 of 05/02/2021 governing companies in Rwanda. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of these financial statements which have been prepared in accordance with the aforementioned standards and requirements.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the company's financial affairs and financial performance in accordance with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) and the requirements of the Law N° 007/2021 of 05/02/2021 governing companies in Rwanda.

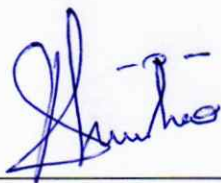
In preparing these financial statements, companies are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRS;
- Prepare the financial statements on the basis of the reliability principle; ensure that all transactions, events, and business activities presented are accurate and transparent.

The Directors take note of the profit of Frw 809,333 for the year of 2023 and approve that the profit is reinvested into the company.

Approval of the financial statements

The financial statements, as indicated above were approved by the Directors on 30./07./2024 and were signed by:



Ampurire Angel Phionah
Board Member | HUZA Network CBC



Karaiga William
Board Member | HUZA Network CBC

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Statement of Financial Position

	2023
Cash and cash equivalents	616,000
Accounts receivable	0
Prepaid expenses	0
Current assets	616,000
Fixed assets	200,000
Accumulated depreciation	(6,667)
Non-current assets	193,333
Assets	809,333
Retained earnings / Accumulated losses	0
Net profit / Loss of period	809,333
Share capital value	0
Outstanding share capital	0
General reserves	0
Revaluation reserves	0
Equity	0
Deferred tax liability	0
Accounts payable	0
Current liabilities	0
Borrowings	0
Non-current liabilities	0
Liabilities	0
Equity & Liabilities	809,333

Statement of Profit or Loss

	2023
Revenue from sales	0
Revenue from other sources	1,000,000
Operating revenue	1,000,000
Revenue from deposits in banks and other Fis	0
Financial revenue	0
Revenue	1,000,000
Internship allowances	100,000
Marketing & Branding expenses	20,000
Office supplies	17,000
Transport fees	6,500
Operating expenses	143,500
Management fees	25,500
Depreciation for the year	6,667
Administrative expenses	32,167
Interest expenses	0
Bank charges	15,000
Payment cost	0
Financial expenses	15,000
Expenses	190,667
Profit/Loss before tax	809,333
Profit/Loss after tax	809,333
Profit/Loss for the year	809,333

Cash Flow Statement

	2023
Net earnings	809,333
Plus depreciation and amortization	6,667
Less changes in working capital	0
Cash from operations	816,000
Investing cash flow	
Investments in intangible assets	-200,000
Cash flow from financing	0
Change in Cash and Cash equivalents	616,000
Cash at the beginning of the period	0
Cash at the end of the period	616,000

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main principle and purpose of disclosure of accounting policies is to disclose any affair or event that had an influence on any of the financial statements.

The principal accounting policies consistently applied in preparation of these financial statements are set out below:

1. Basis of preparation

The company's financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board.

2. Accrual accounting principle

The accrual principle is an accounting concept that requires transactions to be recorded in the time period in which they actually occur, regardless of when the cash flows related to them occur. It is regardless of the time when actual cash flows for the transactions are received.

3. Historical cost principle

The historical cost principle states that a company or business must account for and record all assets at the original cost or purchase price on their balance sheet. No adjustments are made to reflect fluctuations in the market or changes resulting from inflationary fluctuations.

4. Full disclosure principle

The full disclosure principle is a concept which suggests that a business should report all the necessary information in their financial statements, so that the users who are able to read the financial information are in a better position to make important decisions regarding the company. This is necessary since it might affect the reader's perspective of understanding the statement.

5. Economic entity principle

This principle is a basic of accounting that requires businesses to be treated as a separate financial and legal entity. This means that the recorded activities of the business entity must be kept separate from the recorded activities of the owner and other entities.

6. Monetary unit principle

According to this principle, business transactions should be recorded only when they can be expressed as currency. Accountants should avoid recording non-quantifiable entities in the financial accounts. Whenever a transaction or an event occurs, it is first converted into money.

After that, it is recorded into financial accounts of a business. It ensures that every accounting record is measurable in monetary terms by currencies. These financial statements are presented in Rwandan francs (Frw) which is the company's functional currency. Foreign currency monetary assets and liabilities are recorded at NBR provided exchange rate of the transaction/reporting date.

7. Reliability principle

This principle ensures that every transaction, business activity or event is reliable when presented in the financial statement. Information should be associated with objective evidence and it can be checked, reviewed, and verified. This makes the information more reliable. Along with this, the information should be accurate and have a transparent representation. This makes the information reliable for its users. This principle ensures every financial statement and business accounting records are accurate.

8. Objectivity principle

It refers to the concept of considering financial statements as solid evidence. These statements should not be biased or opinionated. While constructing financial statements, these statements should be helpful in evaluating the financial results and financial position of an entity.

5. NOTES TO THE ACCOUNTS

1. Cash and cash equivalents

Cash and cash equivalents include the cash in vault, demand deposits and short term highly liquid investments like marketable securities, debt securities with original maturities of less than 90 days.

2. Intangible assets

An intangible asset is an identifiable asset without physical substance. Examples are patents, copyright, franchises, goodwill, trademarks, and trade names, as well as any form of digital asset such as software or website. Intangible assets are initially recognized by the company at cost and subsequently at cost less accumulated amortization and accumulated impairment losses.

3. Other income

In the course of the year 2023, Huza Network CBC received a corporate donation which financed the company's initial activities.

4. Operating expenses

Operating expenses are the ongoing costs that a business faces to keep running. In essence, they constitute the essential payments required to facilitate the functioning of your business. Operating expenses include rent, payroll, marketing and branding expenses, office supplies, transport fees and communication expenses.

5. Administrative expenses

Administration expenses are categorized as indirect expenses on a company's income statement because they do not contribute directly to the making of a product or delivery of a service.

6. Finance expenses

Finance expenses are expenses incurred outside the company's core business. The finance expenses include but are not limited to bank charges, account maintenance fees costs incurred from borrowing from financial institutions (loan commissions, loan interests).

7. Depreciation and amortization

Depreciation is an accounting practice used to spread the cost of an asset over its useful life. Depreciation represents how much of the asset's value has been used up in any given time period.

The useful life and depreciation rate of an intangible asset are set as follows:

Type of asset	Life period	Depreciation rate
Intangible asset (website)	10 years	10%

The depreciation expense is charged on the asset on a straight-line basis to allocate the cost of an asset over its useful life. It is worth taking note that in the determination of business profit, the depreciation expense for business assets is deducted from taxable income.

8. Profit or loss for the period

Profit or loss is the amount of money remaining after deducting a company's total expenses from its total revenue.

9. Taxation

Depending on the size of a company turnover, businesses are categorized into regimes. Small businesses under the lump-sum regime pay a Corporate Income Tax at the rate of 3% of the turnover. Since there was no turnover, Huza Network CBC fell below the taxable income and filled a nil income tax return.

10. Comparatives

The company was incorporated in March 2023 hence this is the first year of operations and consequently there are no comparative figures.

1. Cash and cash equivalents

	2023
	Frw
Cash in hand	73,000
Bank balance	543,000
	<u>616,000</u>

2. Intangible asset

	2023
	Frw
Acquisition value	200,000
Current depreciation	(6,667)
	<u>193,333</u>

3. Revenue from other sources
(Other income)

	2023
	Frw
Donation	1,000,000
	<u>1,000,000</u>

4. Operating expenses

	2023
	Frw
Internship allowances	100,000
Marketing & Branding expenses	20,000
Office supplies	17,000
Transport fees	6,500
	<u>143,500</u>

5. Administrative expenses

	2023
	Frw
Hospitality expenses	25,500
Current depreciation	6,667
	<u>32,167</u>

6. Finance expenses

	2023
	Frw
Bank charges	15,000
	<u>15,000</u>

7. Profit for the period

	2023
	Frw
Net profit	809,333
	<u>809,333</u>

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