

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2023**

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# 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](mailto:info@huzafoundation.com)

**Bankers:** Access Bank Rwanda Plc

P.O Box 2059

Kigali, Rwanda

# **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**

# **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 Nº 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 Nº 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 Nº 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 …../…../2024 and were signed by:

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Ampurire Angel Phionah** **Karaiga William**

**Board Member | HUZA Network CBC Board Member | HUZA Network CBC**

|  |  |  |  |
| --- | --- | --- | --- |
| **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** | |

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# **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.

1. **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.

1. **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.

1. **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.

1. **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.

1. **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.

1. **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.

1. **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.

# **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.

1. **Intangible assets**

An intangible asset is an identifiable asset without physical substance. Examples are [patents](https://en.wikipedia.org/wiki/Patent), [copyright](https://en.wikipedia.org/wiki/Copyright), [franchises](https://en.wikipedia.org/wiki/Exclusive_right), [goodwill](https://en.wikipedia.org/wiki/Goodwill_(accounting)), [trademarks](https://en.wikipedia.org/wiki/Trademark), and [trade names](https://en.wikipedia.org/wiki/Trade_name), as well as any form of [digital asset](https://en.wikipedia.org/wiki/Digital_asset) such as [software](https://en.wikipedia.org/wiki/Software) or website. Intangible assets are initially recognized by the company at cost and subsequently at cost less accumulated amortization and accumulated impairment losses.

1. **Other income**

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

1. **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.

1. **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.

1. **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).

1. **Depreciation and amortization**

Depreciation is an accounting practice used to spread the cost of an [asset](https://www.investopedia.com/terms/a/asset.asp) 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.

1. **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.

1. **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.

1. **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 5. Administrative expenses**

**2023 2023**

**Frw Frw**

Cash in hand 73,000 Hospitality expenses 25,500

Bank balance 543,000 Current depreciation 6,667

**616,000 32,167**

1. **Intangible asset 6. Finance expenses**

**2023 2023**

**Frw Frw**

Acquisition value 200,000 Bank charges 15,000

Current depreciation (6,667) **15,000**

**193,333**

1. **Revenue from other sources 7. Profit for the period**

**(Other income)**

**2023 2023**

**Frw Frw**

Donation 1,000,000 Net profit 809,333

**1,000,000 809,333**

1. **Operating expenses**

**2023**

**Frw**

Internship allowances100,000

Marketing & Branding expenses 20,000

Office supplies 17,000

Transport fees 6,500

**143,500**