



Our Health
Our Future

**RWANDA SOCIAL SECURITY BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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INTRODUCTION

1.1. Background of RSSB

In accordance with the Law n° 04/2015 of 11/03/2015 modifying and complementing Law n° 45/2010 of 14/12/2010 establishing Rwanda Social Security Board (RSSB) and Law n° 003/2016 of 30/03/2016 establishing and governing maternity leave benefits scheme; the laws determining mission, organization and functioning of Rwanda Social Security Board.

The Board has a legal personality, administrative and financial autonomy and is governed in accordance with laws governing organs of Public Institutions in Rwanda.

According to article number 4 of the Law n° 45/2010 of 14/12/2010, RSSB has the following responsibilities:

1. To manage and promote pension, medical insurance, insurance on occupational hazards, insurance on maternity leave, the anticipated old age pension and other necessary schemes;
2. to register employers, employees, beneficiaries and self- insured persons in various schemes managed by RSSB;
3. to collect and manage contributions as provided by laws;
4. to receive and manage donations;
5. to pay benefits for or to beneficiaries;
6. to make investments in accordance with laws;
7. to contribute to the elaboration of social security policy;
8. to advise the Government on matters relating to social security;
9. to establish relations and collaborate with other regional or international institutions with similar missions;
10. to continue providing medical care for retirees who have monthly pension benefits.

1.2. Supervising authority of RSSB

RSSB is supervised by the Ministry of Finance and Economic Planning.

1.3. Management organs of RSSB

1.3.1 Board of Directors up 04th August 2015

NAMES	POSITION
Dr. NTEZILYAYO Faustin	Chairman
Ms MUGABO Anna	Director
Mr MANZI Eric	Director
Ms NDENGEYINGOMA Louise	Director
Dr. HATEGEKIMANA Theobald	Director
Mr KABERA Godfrey	Director
Dr. UFITIKIREZI Daniel	Secretary to the Board

1.3.2 Current RSSB Board of Directors from 05 August 2015 up to date

NAMES	POSITION
Dr. GAKWAYA Innocent	Chairperson
Ms KANYANGEYO Agnes	Vice Chairperson
Mr KABERA Godfrey	Director
Dr. NZAYIRAMBAHO Manasse	Director
Ms KARAKE Doreen	Director
Ms KAYITARE TENGERA Françoise	Director
Ms TWAGIRIMANA Sandrine	Director
Mr GATERA Jonathan	Secretary to the Board

1.3.3 General Directorate

The day to day running of RSSB is entrusted to the management team headed by the Director General who is assisted by two (2) Deputies: Deputy Director General in charge of Benefits and Deputy Director General in charge of Fund Management.

The officers who were involved in financial and administrative management during the 12-months period ending 30th June 2016 were:

NAMES	POSITION
Dr. UFITIKIREZI Daniel	Director General, Rwanda Social Security Board from 24 th February 2014 to 05 th August 2015
Mr GATERA Jonathan	Director General, Rwanda Social Security Board from 05 th August 2015
Dr. GAKWAYA Innocent	Deputy Director General – Benefits up to 05 th August 2015
Mr SEBABI John Bosco	Deputy Director General in charge of Fund Management
Dr. HAKIBA ITULINDE Solange	Deputy Director General in charge of Benefits from 19 th February 2016
Mr RULISA Alexis	Head of CBHI Department
Mr RURANGANWA Diane	Head of Medical Department
Mr MUNYANDEKWE Oswald	Head of Pension and Occupational Hazards department
Mr GASANA KWIZERA Eric	Head of Investment Department
Mr MURINDABIGWI Innocent	Head of Finance and Contributions Department

1.4. Registered office

The entity is domiciled in Kigali, Rwanda. The address of its registered office is:
Rwanda Social Security Board
RSSB Building
P.O. Box 250/6655 Kigali
Kigali-Rwanda

1.5. Auditors

Office of the Auditor General of State Finances

1.6 Bankers

Bank of Kigali Limited
P O Box 175
Kigali, Rwanda

GT Bank (Rwanda) Limited
P O Box 331
Kigali, Rwanda

I & M Bank Rwanda Limited
P O Box 354
Kigali, Rwanda

Access Bank (Rwanda) Limited
P O Box 2059
Kigali, Rwanda

National Bank of Rwanda
P O Box 531
Kigali, Rwanda

Zigama Credit and Saving Society
P O Box 4772
Kigali, Rwanda

Bank Populaire du Rwanda Limited
P O Box 1348
Kigali, Rwanda

Development Bank of Rwanda Limited
P.O Box 1341
Kigali, Rwanda

Ecobank Rwanda Limited
P O Box 3268
Kigali, Rwanda

Cogebanque Limited
P.O. Box 5230
Kigali, Rwanda

KCB Rwanda Limited
P O Box 5620
Kigali, Rwanda

Equity Bank Rwanda Limited
P O Box 494
Kigali, Rwanda

The Directors submit their report together with the audited financial statements for the year ended 30 June 2016 which discloses the state of affairs of Rwanda Social Security Board (RSSB).

1.7 Establishment

RSSB was established and is governed by Law N° 04/2015 of 11/03/2015, law modifying and complementing Law n° 45/2010 of 14/12/2010 establishing Rwanda Social Security Board (RSSB) and determining its mission, organization and functioning. RSSB was established after a review of Law No. 60/2008 of 10/09/2008 determining the responsibilities, organization and functioning of Rwanda Social Security Fund and Law No 27/2007 of 27/06/2007 determining the responsibilities, organization and functioning of a health insurance scheme for employees.

1.8 Principal activities

In accordance with Law N° 04/2015 of 11/03/2015, RSSB was established with four schemes. Under the pension scheme, RSSB collects contributions from employers and employees in Rwanda and provides benefits to pensioners, invalids and other beneficiaries.

Under the medical scheme, RSSB provides medical insurance services.

Under CBHI scheme, RSSB provides community-based health insurance scheme and by the same law the CBHI has been operating from July 2015.

Under Maternity Leave Benefits Scheme, RSSB provides maternity leave insurance services and has been operating since 01st November 2016.

Membership of the defined benefit fund

Total members at 30 June	2015	2014
Contributing members	397,664	380,001
Pensioners	38,613	36,345
Deferred members	611,689	558,740
	<u>1,047,966</u>	<u>975,086</u>
a) Contributing members		
At start of year	380,001	352,085
Joiners	68,456	69,057
	<u>448,457</u>	<u>421,142</u>
Less:		
Retired with pension	(4,494)	(3,465)
Died in service	-	-
Other secessionists	(46,299)	(37,676)
	<u>(50,793)</u>	<u>(41,141)</u>
At end of year	<u>397,664</u>	<u>380,001</u>
b) Pensioners	2015	2014
At start of the year	36,345	36,019
Contributing members who retired	2,276	1,494
Widows or widowers pension and orphans becoming payable	1,299	1,263
Members who got lump sum	3,646	3,237
	<u>43,566</u>	<u>42,013</u>
Less: Deaths and other secessionists	4,953	5,668
At end of year	<u>38,613</u>	<u>36,345</u>

2. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law N°45/2010 of 14/12/2010 requires the General Directorate to prepare annual financial statements in accordance with public accounting regulations that show the financial position of the Board and the use of its resources. It also requires the Directors to ensure that the General Directorate keeps proper accounting records of its income, expenditure, liabilities and assets in accordance with the rules of the Board. The General Directorate is also responsible for safeguarding the RSSB's assets. The General Directorate accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The General Directorate is of the opinion that the financial statements give a true and fair view of the financial affairs of RSSB and of its surplus in accordance with International Financial Reporting Standards. The General Directorate further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Approval of the financial statements

The financial statements of Rwanda Social Security Board, as indicated above, were reviewed and approved by the meeting of directors on*27.12.2017*..... and were signed on its behalf by:


Mr GATERA Jonathan
Director General




Dr. GAKWAYA Innocent
Chairman

.....*10/21*.....2017

.....*15/21*.....2017

3. FINANCIAL STATEMENTS

3.1 STATEMENT OF COMPREHENSIVE INCOME

a) Statement of comprehensive income for the year ended 30th June 2016

	Notes	Pension Scheme 2016 Frw	Medical Scheme 2016 Frw	CBHI Scheme 2016	Total 2016 Frw
Dealings with members					
Contributions	1	74 695 389 570	37 271 213 351	26 609 947 732	138 576 550 653
Pharmacy sales	2	-	-	-	-
Benefits paid	3	(15 992 350 132)	(18 478 447 452)	(34 183 168 391)	(68 653 965 975)
Pharmaceutical inventory expensed	3	-	-	-	-
Net operating income		58 703 039 438	18 792 765 899	(7 573 220 659)	69 922 584 678
Returns on investments					
Investment income	4	26 555 857 182	11 035 707 695	230 829 103	37 822 393 980
Change in fair value of financial assets at fair value through profit or loss	5	(16 624 712 527)	(3 286 064 371)	-	(19 910 776 898)
Realized gain on disposal of assets	5	691 064 242	(10 323 742)	-	680 740 500
Less: investment management expenses	6	(1 117 857 092)	(110 725 070)	-	(1 228 582 162)
Net returns on investments		9 504 351 805	7 628 594 512	230 829 103	17 363 775 420
Other income	7	1 060 087 582	48 689 651	6 354 820	1 115 132 053
Expenditures					
Staff costs	8	(2 760 607 256)	(2 759 362 293)	(3 673 808 718)	(9 193 778 267)
Administrative expenses	9	(1 460 578 370)	(1 437 307 937)	(1 679 695 482)	(4 577 581 789)
Depreciation and amortization charge	12	(267 622 584)	(1 497 067 112)	(41 981 866)	(1 806 671 562)
Other expenses	10	(2 623 689 174)	(1 606 110 507)	(105 071 242)	(4 334 870 923)
Total expenses		(7 112 497 384)	(7 299 847 849)	(5 500 557 308)	(19 912 902 541)
Net income for the period		62 154 981 441	19 170 202 213	(12 836 594 044)	68 488 589 610

The notes on pages 17 to 61 are an integral part of these financial statements.

a) Statement of comprehensive income for the year ended 30th June 2015

		Pension Scheme	Medical Scheme	Total
		2015	2015	2015
	Notes	Frw	Frw	Frw
Dealings with members				
Contributions	1	61 141 189 287	37 305 626 662	98 446 815 949
Pharmacy sales	2	-	57 750 002	57 750 002
Benefits paid	3	(15 105 908 066)	(14 688 881 344)	(29 794 789 410)
Pharmaceutical inventory expensed	3	-	(44 611 860)	(44 611 860)
Net operating income		46 035 281 221	22 629 883 460	68 665 164 681
Returns on investments				
Investment income	4	24 856 849 374	10 010 989 872	34 867 839 246
Change in fair value of financial assets at fair value through profit or loss	5	3 472 828 022	2 246 251 466	5 719 079 488
Realized gain on disposal of assets	5	235 673 036	30 815 852	266 488 888
Less: investment management expenses	6	(1 112 018 349)	(10 598 326)	(1 122 616 675)
Net returns on investments		27 453 332 083	12 277 458 864	39 730 790 947
Other income	7	388 508 055	308 356 017	696 864 072
Expenditures				
Staff costs	8	(2 890 091 374)	(2 887 188 502)	(5 777 279 876)
Administrative expenses	9	(1 674 484 941)	(1 637 470 573)	(3 311 955 514)
Depreciation and amortization charge	12	(206 977 428)	(1 594 613 408)	(1 801 590 836)
Other expenses	10	(389 482 570)	(752 931 390)	(1 142 413 960)
Total expenses		(5 161 036 313)	(6 872 203 873)	(12 033 240 186)
Net income for the period		68 716 085 046	28 343 494 468	97 059 579 514

The notes on pages 17 to 61 are an integral part of these financial statements.

3.2 STATEMENT OF FINANCIAL POSITION

b) Statement of financial position as at 30th June 2016

		Pension Scheme	Medical Scheme	CBHI Scheme	Total
		2016	2016	2016	2015
	Notes	Rwf	Rwf	Rwf	Rwf
Assets					
Investment properties in the process of construction	11	707 404 400	10 042 184 655	-	10 749 589 055
Property and equipment	12	1 446 119 511	12 961 456 077	71 985 177	14 479 560 765
Intangible assets	13	47 629 744	39 930 536	48 148 056	135 708 336
Investment properties	14	95 871 476 694	-	-	95 871 476 694
Assets held for sale	15	457 051 652	-	-	457 051 652
Equity investments	16	219 122 010 409	35 150 962 706	-	254 272 973 115
Government of Rwanda					
Development bond	17	38 465 683 184	-	-	38 465 683 184
Corporate and treasury bonds	18	31 094 098 901	14 480 723 472	-	45 574 822 373
Treasury bills	19	29 178 572 230	9 347 950 275	-	38 526 522 505
Loan and advances to third parties	20	959 030 883	-	-	959 030 883
Mortgage loans	21	581 898 464	-	-	581 898 464
Inventory	22	92 909 663	92 909 663	123 879 551	309 698 877
Other assets	23	2 569 947 076	5 215 936 605	564 147 899	8 350 031 580
Deposits with financial institutions	24	138 798 313 563	99 793 782 185	-	238 592 095 748
Cash and bank balances	25	21 840 804 441	9 972 627 753	7 326 141 134	39 139 573 328
Total assets		581 232 950 815	197 098 463 927	8 134 301 817	786 465 716 559
Less: Liabilities					
Amounts retained on construction contracts	26	(404 233 325)	(468 350 726)	-	(872 584 051)
Medical benefits payable	27	-	(3 950 158 379)	(11 944 173 584)	(15 894 331 963)
Other payables	28	(5 853 178 217)	(1 730 415 684)	(9 026 722 277)	(16 610 316 178)
Total liabilities		(6 257 411 542)	(6 148 924 789)	(20 970 895 861)	(33 377 232 192)
Net assets available for benefits		574 975 539 273	190 949 539 138	(12 836 594 044)	753 088 484 367
Represented by					
Share capital	29	53 393 658	1 179 070 491	-	1 232 464 149
Retained earnings	30	147 773 115 092	178 365 788 777	(12 836 594 044)	313 302 309 825
Revaluation reserve	31	253 735 415	3 886 568 256	-	4 140 303 671
Fair value reserve	32	17 572 340 888	7 518 111 614	-	25 090 452 502
Accumulated members funds	33	81 275 471 897	-	-	81 275 471 897
Statutory reserves	34	328 047 482 323	-	-	328 047 482 323
Total reserves		574 975 539 273	190 949 539 138	(12 836 594 044)	753 088 484 367

b) Statement of financial position as at 30th June 2015

		Pension Scheme	Medical Scheme	Total
		2015	2015	2015
	Notes	Rwf	Rwf	Rwf
Assets				
Investment properties in the process of construction	11	667 404 400	10 037 768 302	10 705 172 702
Property and equipment	12	1 686 679 825	14 377 287 073	16 063 966 898
Intangible assets	13	28 819 265	21 120 056	49 939 321
Investment properties	14	96 155 027 536	-	96 155 027 536
Assets held for sale	15	532 796 215	-	532 796 215
Equity investments	16	205 219 727 608	34 825 678 465	240 045 406 073
Government of Rwanda	-	-	-	-
Development bond	17	49 611 247 200	-	49 611 247 200
Corporate and treasury bonds	18	17 826 466 459	9 844 886 346	27 671 352 805
Treasury bills	19	7 582 953 855	984 106 538	8 567 060 393
Loan and advances to third parties	20	1 381 698 755	3 605 679 778	4 987 378 533
Mortgage loans	21	749 766 918	-	749 766 918
Inventory	22	163 847 134	163 847 133	327 694 267
Other assets	23	2 871 953 515	2 983 977 139	5 855 930 654
Deposits with financial institutions	24	119 716 554 795	79 336 903 845	199 053 458 640
Cash and bank balances	25	25 664 008 621	20 136 158 310	45 800 166 931
Total assets		529 858 952 101	176 317 412 985	706 176 365 086
Less: Liabilities				
Amounts retained on construction contracts	26	386 687 756	466 565 463	853 253 219
Medical benefits payable	27	0	1 963 224 427	1 963 224 427
Other payables	28	6 956 775 681	1 988 572 510	8 945 348 191
Total liabilities		7 343 463 437	4 418 362 400	11 761 825 837
Net assets available for benefits		522 515 488 664	171 899 050 585	694 414 539 249
Represented by				
Share capital	29	53 393 658	1 179 070 491	1 232 464 149
Retained earnings	30	112 777 348 820	155 934 346 621	268 711 695 441
Revaluation reserve	31	253 735 415	3 892 577 905	4 146 313 320
Fair value reserve	32	42 493 440 560	10 893 055 568	53 386 496 128
Accumulated members funds	33	81 275 471 897	0	81 275 471 897
Statutory reserves	34	285 662 098 314	0	285 662 098 314
Total reserves		522 515 488 664	171 899 050 585	694 414 539 249

The notes on pages on 17 to 61 are an integral part of these financial statements.

3.3 STATEMENT OF CHANGES IN RESERVES AND ACCUMULATED MEMBERS' FUND - PENSION SCHEME

	Pensions reserves										Totals
	Occupational Hazards Reserves										
	Capital	Occupational hazard Technical reserve	Occupational hazard Security reserve	Occupational hazard Working capital reserve	Pension Technical reserve	Pension Working capital reserve	Total Reserves	Accumulated members' fund and retained earnings	Fair Value reserve on Equities	Revaluation reserve	Rwf
At 30 June 2015 & 1 July 2015	53 393 658	6 247 421 484	4 600 162 181	1 556 229 232	231 453 742 699	4 065 022 504	247 975 971 758	173 330 276 234	38 673 720 300	692 653 000	460 672 621 292
Adjustment during the year	-	-	-	-	-	-	-	(6 434 300 089)	-	(438 917 585)	(6 873 217 674)
Increase in net assets for the year	-	4 948 655 352	232 315 935	85 675 427	29 548 640 704	2 924 232 796	37 739 520 214	27 156 844 572	3 819 720 260	-	68 716 085 046
At 30 June 2015	53 393 658	11 196 076 836	4 832 478 116	1 641 904 659	261 002 383 403	6 989 255 300	285 715 491 972	194 052 820 717	42 493 440 560	253 735 415	522 515 488 664
At 30 June 2016	53 393 658	11 196 076 836	4 832 478 116	1 641 904 659	261 002 383 403	6 989 255 300	285 715 491 972	194 052 820 717	42 493 440 560	253 735 415	522 515 488 664
Adjustment during the year	-	-	-	-	-	-	-	(1 398 543 687)	(8 296 387 145)	-	(9 694 930 832)
Increase in net assets for the year	-	5 867 863 404	309 290 960	103 096 987	32 454 448 030	3 650 684 628	42 385 384 009	36 394 309 959	(16 624 712 327)	-	62 154 981 441
At 30 June 2016	53 393 658	17 063 940 240	5 141 769 076	1 745 001 646	293 456 831 433	10 639 939 928	328 047 482 323	229 048 586 989	17 572 340 888	253 735 415	574 975 539 273

3.4 STATEMENT OF CHANGES IN EQUITY - MEDICAL SCHEME

	Share capital	Retained earnings	Revaluation Reserve	Fair Value Reserve	Total
	Rwf	Rwf	Rwf	Rwf	
Year ended 30 June 2015					
At start of year:	1 179 070 491	128 454 055 192	4 499 072 138	8 646 804 102	142 779 001
Profit for the year	0	26 097 243 002		2 246 251 466	28 343 494
Adjustment for prior year		1 383 048 427	(606 494 233)	0	776 554
At end of year	1 179 070 491	155 934 346 621	3 892 577 905	10 893 055 568	171 899 050

Year ended 30 June 2016

At start of year:	1 179 070 491	155 934 346 621	3 892 577 905	10 893 055 568	171 899 050
Profit for the year	0	22 456 266 584		(3 286 064 371)	19 170 202
Adjustment for prior year		(24 824 428)	(6 009 649)	(88 879 583)	(119 713)
At end of year	1 179 070 491	178 365 788 777	3 886 568 256	7 518 111 614	190 949 539

3.5 STATEMENT OF CHANGES IN EQUITY -CBHI SCHEME

Year ended 30 June 2016

	Retained earnings
	Rwf
At start of year:	
Loss for the year	(12 836 594 044)
Adjustment for prior year	
At end of year	(12 836 594 044)

The notes on pages 17 to 61 are an integral part of these financial statements.

3.6 STATEMENT OF CASH FLOWS

a) Statement of cash flows for the year ended 30 June 2016

Notes	Pension Scheme	Medical Scheme	CBHI Scheme	Total
	2 016	2 016	2 016	2 016
	Rwf	Rwf	Rwf	Rwf
Cash flows from operating activities				
Increase in net assets for the year	62 154 981 441	19 170 202 213	(12 836 594 044)	68 488 589 610
Adjusted for:				
Depreciation and amortization	(267 622 584)	(1 497 067 112)	(41 981 866)	(1 806 671 562)
Investment income	(26 555 857 182)	(11 035 707 695)	230 829 103	(37 360 735 774)
Realized gain on disposal	(691 064 242)	10 323 742	0	(680 740 500)
Change in fair value of equity investments	16 624 712 527	3 286 064 371	0	19 910 776 898
Increase/(Decrease) in interdivisional balances	(1 322 465 554)	1 911 788 820	1 190 381 914	1 779 705 180
Increase/(Decrease) in other assets	302 006 439	(2 231 959 466)	(564 147 899)	(2 494 100 926)
Increase/(Decrease) in inventory	70 937 471	70 937 470	(123 879 551)	17 995 390
Increase/(Decrease) in medical claims payables	0	1 986 933 952	11 944 173 584	13 931 107 536
Increase/(Decrease) in sundry creditors	(1 692 920 730)	(258 156 826)	7 689 474 992	5 738 397 436
Increase/(Decrease) in contract retentions	17 545 569	1 785 263	0	19 330 832
Adjustment in net assets	1 456 434 518	4 654 658 683	0	6 111 093 201
Net cash flows from operating activities	50 096 687 673	16 069 803 415	7 488 256 233	73 654 747 321
Cash flows used in investing activities:				
Dividend income received	3 637 606 259	136 157 332	0	3 773 763 591
Rent received	2 316 666 611	309 134 922	0	2 625 801 533
Interest income received	20 601 584 312	10 590 415 441	0	31 191 999 753
Increase/(Decrease) of CWP investment properties	(40 000 000)	(4 416 353)	0	(44 416 353)
Investment in Property and Equipment	(69 514 558)	(69 514 558)	-92 686 077	(231 715 193)
Purchase of intangible asset	(52 071 766)	(52 071 766)	-69 429 022	(173 572 554)
Increase/(Decrease) of investment properties	(2 250 661 692)	0	0	(2 250 661 692)
Purchase of equity investments	(38 385 108 725)	(8 089 229 036)	0	(46 474 337 761)
Receipt from Investment in Government Bond	14 128 060 476	0	0	14 128 060 476
Investment in corporate bonds	396 727 917	0	0	396 727 917
Investment in treasury bonds	(10 381 619 157)	(3 090 529 854)	0	(13 472 149 011)
Investment in treasury bills	(28 440 687 355)	(9 112 081 538)	0	(37 552 768 893)
Net loans advanced to third parties	422 667 872	3 605 679 778	0	4 028 347 650
(Decrease) in mortgages	199 827 019	0	0	199 827 019
Net investment in deposits with Banks	(19 081 758 768)	(20 456 878 340)	0	(39 538 637 108)
Proceeds from disposal	3 078 389 702	0	0	3 078 389 702
Net cash used in investing activities	(53 919 891 853)	(26 233 333 972)	(162 115 099)	(83 393 730 626)
Net increase in cash and cash equivalents	(3 823 204 180)	(10 163 530 557)	7 326 141 134	(9 738 983 305)
Cash and cash equivalents at 1 July 2015	25 664 008 621	20 136 158 310	0	21 957 865 981
Cash and cash equivalents at 30 June	21 840 804 441	9 972 627 753	7 326 141 134	12 218 882 676

The notes set out on pages 17 to 61 form an integral part of these financial statements.

a) Statement of cash flows for the year ended 30 June 2015

Notes	Pension Scheme	Medical Scheme	Total
	2 015	2 015	2 015
	Rwf	Rwf	Rwf
Cash flows from operating activities			
Increase in net assets for the year	68 716 085 046	28 343 494 468	97 059 579 514
Adjusted for:			
Depreciation and amortization	(206 977 428)	(1 594 613 408)	(1 801 590 836)
Investment income	(24 856 849 374)	(10 010 989 872)	(34 867 839 246)
Realized gain on disposal	(235 673 036)	(30 815 852)	(266 488 888)
Change in fair value of equity investments	(3 472 828 022)	(2 246 251 466)	(5 719 079 488)
Increase/(Decrease) in interdivisional balances	546 432 888	1 911 788 820	2 458 221 708
Increase/(Decrease) in other assets	10 036 985 432	(2 144 544 862)	7 892 440 570
Increase/(Decrease) in inventory	166 666 337	232 553 623	399 219 960
Increase/(Decrease) in medical claims payables	0	(1 475 946 366)	(1 475 946 366)
Increase/(Decrease) in sundry creditors	863 397 389	1 059 887 495	1 923 284 884
Increase/(Decrease) in contract retentions	(2 313 246 133)	(381 815 881)	(2 695 062 014)
Adjustment in net assets	(7 552 871 726)	(691 572 011)	(8 244 443 737)
Net cash flows from operating activities	41 691 121 373	12 971 174 688	54 662 296 061
Cash flows used in investing activities:			
Dividend income received	3 819 720 260	186 168 228	4 005 888 488
Rent received	2 481 446 647	194 688 950	2 676 135 597
Interest income received	18 555 682 467	9 630 132 694	28 185 815 161
Increase/(Decrease) of CWP investment properties	(40 000 000)	(5 831 246)	(45 831 246)
Investment in Property and Equipment	(541 712 495)	(470 834 935)	(1 012 547 430)
Purchase of intangible asset	(26 215 075)	(26 215 075)	(52 430 150)
Increase/(Decrease) of investment properties	(1 112 525 340)	0	(1 112 525 340)
Purchase of equity investments	(39 642 310 613)	(4 993 999 625)	(44 636 310 238)
Receipt from Investment in Government Bond	7 626 609 708	0	7 626 609 708
Investment in corporate bonds	404 180 000	0	404 180 000
Investment in treasury bonds	(11 500 457 484)	(5 462 548 990)	(16 963 006 474)
Investment in treasury bills	(7 002 603 912)	(798 982 954)	(7 801 586 866)
Net loans advanced to third parties	102 848 710	0	102 848 710
(Decrease) in mortgages	1 664 869 061	0	1 664 869 061
Net investment in deposits with Banks	(9 728 042 471)	1 166 412 212	(8 561 630 259)
Proceeds from disposal	4 699 526 167	0	4 699 526 167
Net cash used in investing activities	(30 238 984 370)	(581 010 741)	(30 819 995 111)
Net increase in cash and cash equivalents	11 452 137 003	12 390 163 947	23 842 300 950
Cash and cash equivalents at 1 July 2014	14 211 871 618	7 745 994 363	21 957 865 981
Cash and cash equivalents at 30 June	25 664 008 621	20 136 158 310	45 800 166 931

The notes set out on pages 17 to 61 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Contributions

a) Pension contributions

In accordance with Law No 45/2010 concerning the responsibilities, organization and functioning of the Rwanda Social Security Board, pension contributions are determined at 8% of an employee's gross salary, of which 5% is paid by the employer and 3% is paid by the employee. Of the amounts paid by the employer, 2% relates to employee occupational hazards while 3% goes towards the employee's pension.

	2016	2015
	Frw	Frw
Contribution	74 695 389 570	61 141 189 287
	<u>74 695 389 570</u>	<u>61 141 189 287</u>

b) Medical contributions

In accordance with Law No 45/2010 concerning the responsibilities, organization and functioning of the Rwanda Social Security Board, both employee and employer medical contributions are determined at 7.5% of an individual's basic salary.

	2016	2015
	Frw	Frw
Contribution	37 271 213 351	37 305 626 662
	<u>37 271 213 351</u>	<u>37 305 626 662</u>

c) CBHI Contributions

In accordance with Law N° 03/2015 of 02/03/2015 governing the organization of the community-based health insurance scheme determined the sources of property intended for the community-based health insurance scheme as follow:

1. Members contributions shall be determined by an Order of the Minister in charge of community-based health insurance scheme (Article 6 of the Law N° 03/2015 of 02/03/2015).
2. Government contribution equivalent to thirteen per cent (13%) of the domestic annual budget of the Ministry of Health;
3. Contribution of subscription fees from every public and private health insurance entities operating in Rwanda;
4. Donation, grant and bequest.

	2016	2015
	Frw	Frw
Contribution	26 609 947 732	0
	<u>26 609 947 732</u>	<u>0</u>

2. Pharmacy sales

Subsequent to RSSB management decision to shift from pharmacy business, all pharmacy outlets have been progressively sold to private business operators. Previously sales to members were part of their medical benefits, on which they contribute 15% of the sales price; sales to non-members were made on a cash basis.

	2016	2015
	Frw	Frw
Cash sales	0	54 646 497
Sales in RSSB pharmacies (85%)	0	3 103 505
Pharmacy sold through auction	0	0
	<u>0</u>	<u>57 750 002</u>

3. Benefit payments

(a) Pension benefits paid

	2016	2015
	Frw	Frw
Benefits paid to pensioners	12 803 890 383	10 889 427 671
Benefits paid to deceased members' beneficiaries	2 699 471 132	3 713 234 479
Incapacity benefits	178 369 277	166 244 629
Other occupational hazards	310 619 340	337 001 287
	<u>15 992 350 132</u>	<u>15 105 908 066</u>

(b) Medical benefits paid

	2016	2015
	Frw	Frw
Acts medical from partner hospitals, health centers and clinics	12 862 879 594	9 625 922 868
Partners Pharmacy costs	5 615 567 858	5 062 958 476
RSSB Pharmacy costs	0	44 611 860
	<u>18 478 447 452</u>	<u>14 733 493 204</u>

(c) CBHI benefits paid

	2016	2015
	Frw	Frw
CBHI medicines benefits	8 329 265 795	0
CBHI medical acts benefits	25 853 902 596	0
	<u>34 183 168 391</u>	<u>0</u>

4. Investment income

Note	Pension Scheme		Medical Scheme		CBHI		Total	
	2016 Frw	2015 Frw	2016 Frw	2015 Frw	2016 Frw	2015 Frw	2016 Frw	2015 Frw
Dividend income								
<u>4.1</u>	3 637 606 259	3 819 720 260	136 157 332	186 168 228	0	0	3 773 763 591	4 005 888 488
<u>4.2</u>	2 316 666 611	2 481 446 647	309 134 922	194 688 950	0	0	2 625 801 533	2 676 135 597
Interest income:								
- Treasury Bills	737 884 875	580 349 943	235 868 736	185 123 584	0	0	973 753 611	765 473 527
- Term deposits with financial institutions	12 201 276 017	12 156 998 637	8 033 548 320	8 178 104 498	0	0	20 234 824 337	20 335 103 135
- Development bond	2 982 496 460	3 631 732 272	0	0	0	0	2 982 496 460	3 631 732 272
- Loan to Development Bank of Rwanda Limited	0	45 085 866	0	0	0	0	0	45 085 866
- Loan to RDB/BSC	0	0	94 548 417	248 832 795	0	0	94 548 417	248 832 795
- Corporate bonds/ Treasury bonds	2 886 013 285	1 329 790 458	1 545 307 272	705 727 589	0	0	4 431 320 557	2 035 518 047
- Mortgage loans	101 344 404	152 569 710	0	0	0	0	101 344 404	152 569 710
- Current accounts	1 692 569 271	659 155 581	681 142 696	312 344 228	230 829 103	0	2 604 541 070	971 499 809
	26 555 857 182	24 856 849 374	11 035 707 695	10 010 989 872	230 829 103	0	37 822 393 980	34 867 839 246

4.1. Dividend income

	Pension Scheme		Medical Scheme		CBHI		Total	
	2016 Frw	2015 Frw	2016 Frw	2015 Frw	2016 Frw	2015 Frw	2016 Frw	2015 Frw
Safaricom Limited	0	0	0	0	0	0	0	0
Rwanda Investment Group Limited	0	0	0	0	0	0	0	0
Rwanda Development Bank Limited	0	232 438 898	0	0	0	0	0	232 438 898
Bank of Kigali Limited	2 565 565 132	3 441 798 421	94 136 332	126 287 294	0	0	2 659 701 464	3 568 085 715
Bralirwa Limited	102 094 000	145 482 941	42 021 000	59 880 934	0	0	144 115 000	205 363 875
Crystal Telecom Ltd	969 947 127	0	0	0	0	0	969 947 127	0
	3 637 606 259	3 819 720 260	136 157 332	186 168 228	0	0	3 773 763 591	4 005 888 488

4.2. Rental income

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2015		2015		2016		2016	
	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw
Kacyiru Executive Apartments	778 950 840	614 200 212	0	0	0	0	778 950 840	614 200 212
Grand Pension Plaza	1 176 212 204	1 343 003 476	0	0	0	0	1 176 212 204	1 343 003 476
REVENUES LOCATIFS	19 924 263	251 899 673	0	0	0	0	19 924 263	251 899 673
Nyanza Pension Plaza	71 625 733	87 670 548	0	0	0	0	71 625 733	87 670 548
Karongi Pension Plaza	104 445 198	117 759 384	0	0	0	0	104 445 198	117 759 384
Musanze Pension Plaza	82 225 098	37 173 646	0	0	0	0	82 225 098	37 173 646
Rwamagana Pension Plaza	27 424 620	29 739 708	0	0	0	0	27 424 620	29 739 708
Crystal Plaza	55 858 655	0	0	0	0	0	55 858 655	0
Doctors' plaza	0	0	225 257 481	149 653 980	0	0	225 257 481	149 653 980
Twin Tower	0	0	83 877 441	45 034 970	0	0	83 877 441	45 034 970
	2 316 666 611	2 481 446 647	309 134 922	194 688 950	0	0	2 625 801 533	2 676 135 597

4.3. Interest on treasury bills

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2015		2015		2016		2016	
	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw
National Bank of Rwanda	737 884 875	580 349 943	235 868 736	185 123 584	0	0	973 753 611	765 473 527
Note								
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4.4. Interest on term deposits

	Pension Scheme				Medical Scheme				CBHI		Total	
	2016		2015		2016		2015		2016		2015	
	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw
Access Bank Limited	0	0	297 534 246	0	0	0	0	0	0	297 534 246	0	0
Banque Populaire S.A	663 753 427	571 978 082	976 547 949	830 975 342	0	0	0	0	0	1 640 301 376	1 402 953 424	0
Cogebanque	1 201 338 426	1 266 558 904	995 274 347	955 159 293	0	0	0	0	0	2 196 612 773	2 221 718 197	0
Development Bank of Rwanda	2 448 767 127	1 947 150 685	2 148 219 181	1 744 931 508	0	0	0	0	0	4 596 986 308	3 692 082 193	0
Bank of Kigali Limited	4 467 945 200	4 215 694 527	897 808 215	870 986 301	0	0	0	0	0	5 365 753 415	5 086 680 828	0
Ecobank Rwanda Limited	806 027 397	890 783 562	388 767 122	894 000 000	0	0	0	0	0	1 194 794 519	1 784 783 562	0
Guaranty Trust Bank (Rwanda) Limited	268 219 177	650 778 083	268 219 177	590 191 781	0	0	0	0	0	536 438 354	1 240 969 864	0
KCB Rwanda Limited	869 863 011	1 395 191 781	575 068 495	604 136 986	0	0	0	0	0	1 444 931 506	1 999 328 767	0
I&M Bank Rwanda Limited	738 143 074	495 397 260	113 972 603	223 013 698	0	0	0	0	0	852 115 677	718 410 958	0
Zigama CSS	706 780 822	723 465 753	971 589 040	1 078 986 302	0	0	0	0	0	1 678 369 862	1 802 452 055	0
Equity bank limited	0	0	400 547 945	183 890 410	0	0	0	0	0	400 547 945	183 890 410	0
Unguka Bank	0	0	0	201 832 877	0	0	0	0	0	0	201 832 877	0
AB bank	30 438 356	0	0	0	0	0	0	0	0	30 438 356	0	0
Other interest income	0	0	0	0	0	0	0	0	0	0	0	0
	12 201 276 017	12 156 998 637	8 033 548 320	8 178 104 498	0	0	20 234 824 337	0	0	20 234 824 337	20 335 103 135	0

5. Change in fair value of financial assets at fair value through profit or loss

Changes in fair value of financial assets at fair value through profit or loss relates to realized and unrealized fair value gains on equity investments, investment properties and property, plant and equipment. Cfr Note 16

6. Investment management expenses

a) Pension management fees incurred on:

	2016 Rwf	2015 Rwf
Vision 2020 Estate	120 600	32 903 945
Kacyiru executive apartments	240 373 851	230 506 715
Kacyiru Estate	794 744	2 600 556
Charges d'investissement	230 477 159	409 626 898
Ex-USA embassy(Dignity House)	0	0
Ex-American Club	0	0
Grand insurance Pension Plaza	338 706 070	218 015 505
Kicukiro insurance Pension Plaza	0	0
Nyanza insurance Pension Plaza	71 727 849	43 554 551
Karongi insurance Pension Plaza	66 238 656	63 730 014
Musanze insurance Pension Plaza	66 173 598	37 635 232
Rwamagana insurance Pension Plaza	63 287 859	38 549 647
Nyarugenge insurance Pension Plaza	0	0
EX-CVL buildings	39 956 706	34 895 286
	1 117 857 092	1 112 018 349

b) Medical management fees incurred on:

	2 016 Rwf	2 015 Rwf
Management fees Rssb Headquarters	0	373 000
Management fees TOWER I	0	1 031 050
Management fees Tower II	110 725 070	9 194 276
	110 725 070	10 598 326

7. Other income

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Issue of clearing certificates and others income	101 904 909	98 918 133	0	27 021 120	6 354 820	0	108 259 729	125 939 253
Issue of card duplicates and others income	0	159 707	12 824 524	7 912 379	0	0	12 824 524	8 072 086
Exchange rate gain	176 740 233	78 990 390	35 865 127	36 153 547	0	0	212 605 360	115 143 937
Penalties received	0	210 439 825	0	237 268 971	0	0	0	447 708 796
Subventions accordées par l'état	781 442 440	0	0	0	0	0	781 442 440	0
Total	1 060 087 582	388 508 055	48 689 651	308 356 017	6 354 820	0	1 115 132 053	696 864 072

8. Staff costs

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Basic salaries	1 846 421 451	1 969 917 399	1 845 176 490	1 967 542 631	2 460 027 826	0	6 151 625 767	3 937 460 030
Overtime	0	0	0	0	0	0	0	0
Paid leave	293 199	0	293 199	0	390 932	0	977 330	0
Technical allowances	14 552 264	23 625 665	14 552 264	23 625 664	19 403 021	0	48 507 549	47 251 329
Responsibility allowances	1 993 406	2 194 041	1 993 406	2 194 040	2 657 874	0	6 644 686	4 388 081
Social security contributions	112 632 145	113 930 982	112 632 144	113 798 564	150 173 587	0	375 437 876	227 729 546
Medical insurance contributions	129 094 114	136 965 669	129 094 114	136 965 668	172 125 485	0	430 313 713	273 931 337
Transport allowances	201 125 775	198 013 787	201 125 775	197 896 963	268 160 891	0	670 412 441	395 910 750
House allowances	231 312 690	239 683 860	231 312 689	239 405 042	308 410 400	0	771 035 779	479 088 902
Retirement benefits	0	0	0	0	0	0	0	0
Medical expenses	0	0	0	0	0	0	0	0
Death indemnities	0	0	0	0	0	0	0	0
Training expenses	20 419 487	84 495 539	20 419 487	84 495 538	27 225 984	0	68 064 958	168 991 077
Personnel social activities	6 532 500	47 007 019	6 532 500	47 007 018	8 710 000	0	21 775 000	94 014 037
Other allowances	196 230 225	74 257 413	196 230 225	74 257 374	256 522 718	0	648 983 168	148 514 787
Benefits in kind	0	0	0	0	0	0	0	0
Total	2 760 607 256	2 890 091 374	2 759 362 293	2 887 188 502	3 673 808 718	0	9 193 778 267	5 777 279 876

9. Administrative expenses

	Pension Scheme		Medical Scheme		CBHI		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
Water and electricity	38 798 764	70 455 134	38 798 764	70 455 133	51 561 076	0	129 158 604	140 910 267
Fuel	11 676 549	22 004 649	11 676 549	22 004 648	11 865 412	0	35 218 510	44 009 297
Office supplies	157 657 258	81 666 634	157 657 256	81 666 634	12 933 379	0	328 247 893	163 333 268
Other supplies	95 477 200	129 177 976	95 477 200	129 120 975	120 416 656	0	311 371 056	258 298 951
Transport on duty	189 242 726	211 799 431	189 238 325	211 799 429	212 102 502	0	590 583 553	423 598 860
Maintenance expenses	30 870 350	72 986 056	30 804 316	72 986 054	40 515 359	0	102 190 025	145 972 110
Travel expenses in the country	43 898 636	58 753 852	43 898 636	58 753 853	52 457 728	0	140 255 000	117 507 705
Travel expenses abroad (mission fees)	6 288 876	6 470 371	6 288 876	6 470 372	8 342 653	0	20 920 405	12 940 743
Entertainment	856 495	3 176 007	856 495	3 090 607	861 025	0	2 574 015	6 266 614
Reception activities	814 940	1 460 300	814 940	1 460 300	937 920	0	2 567 800	2 920 600
Rent	35 673 398	63 165 919	35 673 398	63 165 919	39 619 068	0	110 965 864	126 331 838
Publicity costs	105 543 328	134 562 287	105 543 328	134 562 286	112 726 510	0	323 813 166	269 124 573
Service hire	36 906 392	52 017 808	36 871 369	46 788 309	33 563 766	0	107 341 527	98 806 117
Postage	6 672 840	13 715 129	6 672 840	13 715 129	8 897 120	0	22 242 800	27 430 258
Telephone expenses	81 362 153	101 756 516	81 339 888	101 756 515	108 462 603	0	271 164 644	203 513 031
Internet costs	103 964 739	159 873 244	103 904 439	159 873 244	138 629 701	0	346 498 879	319 746 488
Consultancy fees	102 486 289	137 962 691	113 082 485	141 812 691	149 517 985	0	365 086 759	279 775 382
Casual work wages	40 640	486 859	40 640	270 800	51 520	0	132 800	757 659
Commissions and bank charges	35 933 270	54 614 846	2 424 587	19 338 446	456 265 218	0	494 623 075	73 953 292
Documentation and subscription	12 039 330	8 497 110	12 039 330	8 497 110	16 052 440	0	40 131 100	16 994 220
Other administration costs	0	0	0	0	0	0	0	0
Security services	46 303 677	95 372 830	46 133 757	95 372 829	61 983 675	0	154 421 109	190 745 659
Cleaning services	31 653 125	45 107 216	31 653 125	45 107 215	41 932 166	0	105 238 416	90 214 431
Audit fees	0	149 402 076	0	149 402 075	0	0	0	298 804 151
RRR commission fees	213 425 788	0	213 425 788	0	0	0	426 851 576	0
BNR supervision fees	72 991 607	0	72 991 606	0	0	0	145 983 213	0
Total	1 460 578 370	1 674 484 941	1 437 307 937	1 637 470 573	1 679 695 482	0	4 577 581 789	3 311 955 514

10. Other expenses

	Pension Scheme		Medical Scheme		CBHI		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
Insurance	0	57 314 272	0	57 314 272	0	0	0	114 628 544
Directors' fees	0	335 000	11 131 900	335 000	0	0	11 131 900	670 000
Corporate social responsibility	2 398 308	13 596 101	2 398 308	13 596 101	3 197 745	0	7 994 361	27 192 202
Legal fees	8 447 550	8 007 622	7 847 550	8 007 621	10 343 400	0	26 638 500	16 015 243
Seminars and conferences	10 465 134	9 426 760	10 465 134	9 426 760	13 953 512	0	34 883 780	18 853 520
Other charges and losses	2 533 802 375	6 921 293	1 351 002	21 380 147	1 788 000	0	2 536 941 377	28 301 440
Taxes incurred on interest income	0	285 501 110	0	255 974 850	0	0	0	541 475 960
Exchange losses	310 975	0	0	10 609 433	0	0	310 975	10 609 433
Other miscellaneous expenses	9 317 680	0	9 317 680	373 056 266	12 423 573	0	31 058 933	373 056 266
Comprehensive all risks	58 947 152	6 131 610	58 947 150	982 137	63 365 012	0	181 259 314	7 113 747
Travel insurance	0	2 248 802	0	2 248 803	0	0	0	4 497 605
	0	0	1 504 651 783	0	0	0	1 504 651 783	0
Total	2 623 689 174	389 482 570	1 606 110 507	752 931 390	105 071 242	0	4 334 870 923	1 142 413 960

11. Investment properties in the process of construction

a. For Pension scheme

	At 1 July 2015	Additions during the year at cost	Transfers to or from investment properties & PPE	Dispose off during the period	Balance at 30 June 2016
	Rwf	Rwf	Rwf	Rwf	Rwf
2020 Estate 2nd Phase	337 717 600	40 000 000	-	-	377 717 600
2020 vision trade center	250 171 800	-	-	-	250 171 800
Land for Development	40 000 000	-	-	-	40 000 000
Batsinda Pipeline	39 515 000	-	-	-	39 515 000
	667 404 400	40 000 000	-	-	707 404 400

	At 1 July 2014	Additions during the year at cost	Transfers to or from investment properties & PPE	Dispose off during the period	Balance at 30 June 2015
	Rwf	Rwf	Rwf	Rwf	Rwf
2020 Estate 2nd Phase	337 717 600	-	-	-	337 717 600
2020 vision trade center	250 171 800	-	-	-	250 171 800
Land for Development	-	40 000 000	-	-	40 000 000
Batsinda Pipeline	39 515 000	-	-	-	39 515 000
	627 404 400	40 000 000	-	-	667 404 400

b. For Medical scheme

	At 1 July 2015	Additions during the year at cost	Transfers to or from investment properties & PPE	Dispose off during the period	Balance at 30 June 2016
	Rwf	Rwf	Rwf	Rwf	Rwf
Twin tower plot	90 826 162	-	-	-	90 826 162
Twin tower	9 946 942 140	4 416 353	-	-	9 951 358 493
	10 037 768 302	4 416 353	-	-	10 042 184 655

12. Property and equipment - Pension Scheme

	Land and Buildings	Motor vehicle	Office equipment	Furniture, fixtures & Fittings	Computers	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
At 1 July 2013						
Cost	1 250 206 468	-	1 279 203 130	565 078 306	978 526 016	4 073 013 920
Accumulated depreciation	(175 213 898)	-	(1 179 107 894)	(550 930 580)	(921 190 420)	(2 826 442 792)
Net book value At 30 June 2014	1 074 992 570	-	100 095 236	14 147 726	57 335 596	1 246 571 128
Opening net book value	1 074 992 570	-	100 095 236	14 147 726	57 335 596	1 246 571 128
Additions	84 350 212	70 002 000	29 656 800	235 494 308	122 209 175	541 712 495
Adjustment made from Asset held for sale (Opening bal)	(117 083 147)	-	(799 571 648)	587 837 725	1 788 985	(327 028 085)
Adjustment made to: Office Equipment (Opening bal)	175 213 898	-	708 158 088	(509 319 810)	5 206 724	379 258 900
Depreciation charge	(4 874 832)	(15 059 095)	(13 134 837)	(66 307 279)	(54 417 011)	(153 793 054)
Disposal - cost	-	-	(21 805 844)	(22 013 965)	(1 479 500)	(45 299 309)
Disposal - Accumulated depreciation	-	-	21 764 290	22 013 965	1 479 495	45 257 750
Closing net book value	1 212 598 701	54 942 905	25 162 085	261 852 670	132 123 464	1 686 679 825
At 30 June 2015						
Cost	1 334 556 680	70 002 000	487 482 439	1 366 396 373	1 101 044 676	4 359 482 168
Accumulated depreciation	(121 957 979)	(15 059 095)	(462 320 354)	(1 104 543 703)	(968 921 212)	(2 672 802 343)
Net book value At 1 July 2015	1 212 598 701	54 942 905	25 162 085	261 852 670	132 123 464	1 686 679 825

12. Property and equipment - Pension Scheme (continued)

	Land and Buildings	Motor vehicle	Office equipment	Furniture, fixtures & Fittings	Computers	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
At 1 July 2014						
Cost	1 334 556 680	70 002 000	487 482 440	1 366 396 372	1 101 044 677	4 359 482 169
Accumulated depreciation	(121 957 979)	(15 059 095)	(462 320 355)	(1 104 543 704)	(968 921 212)	(2 672 802 345)
Net book value At 30 June 2015	1 212 598 701	54 942 905	25 162 085	261 852 668	132 123 465	1 686 679 824

Opening net book value	1 212 598 701	54 942 905	25 162 085	261 852 668	132 123 465	1 686 679 824
Additions	-	37 575 792	4 973 400	116 039	26 849 327	69 514 558
Adjustment made from Asset held for sale (Opening bal)	-	-	-	-	-	-
Adjustment made to Office Equipment (Opening bal)	-	-	-	-	-	-
Adjustment made to opening depreciation	(14 580 853)	-	-	(3 384)	-	(14 584 237)
Depreciation charge	(17 259 893)	(20 976 260)	(14 773 888)	(91 546 294)	(89 804 962)	(234 361 297)
Disposal - cost	(78 883 000)	-	(25 699 376)	(117 366 505)	(246 483 724)	(468 432 605)
Disposal - Accumulated depreciation	17 619 406	-	25 671 245	117 367 149	246 645 468	407 303 268
Closing net book value	1 119 494 361	71 542 437	15 333 466	170 419 673	69 329 574	1 446 119 511

At 30 June 2016

Cost	1 255 673 680	107 577 792	466 756 464	1 249 145 906	881 410 281	3 960 564 123
Accumulated depreciation	(136 179 319)	(36 035 355)	(451 422 998)	(1 078 726 234)	(812 080 706)	(2 514 444 612)
Net book value At 1 July 2016	1 119 494 361	71 542 437	15 333 466	170 419 672	69 329 575	1 446 119 511

12. Property and equipment (Medical Scheme)

	Land and Buildings		Motor vehicle		Furniture, fixtures & fittings		Computers		Office equipment		Laboratory equipment		Kitchen equipment		Total	
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
At 1 July																
Cost	15 467 532 510	102 654 105	1 149 730 363	241 394 034	241 394 034	351 526 077	523 782 532	124 465 000	17 961 084 621							
Accumulated depreciation	(1 488 896 816)	(76 594 095)	(213 664 932)	(161 445 948)	(105 528 007)	(201 306 492)	(28 639 417)	(2 276 075 707)								
Net book value	13 978 635 694	26 060 010	936 065 431	79 948 086	245 998 070	322 476 040	95 825 583	15 685 008 914								
At 30 June																
Opening net book value	13 978 635 694	26 060 010	936 065 431	79 948 086	245 998 070	322 476 040	95 825 583	15 685 008 914								
Additions	-	70 002 000	238 818 960	132 357 175	29 656 800	-	-	470 834 935								
Adjustments opening cost	-	-	223 664 292	(2 287 985)	(11 930 366)	-	-	209 445 941								
Adjustments opening depreciation	-	-	(316 897 571)	(5 206 724)	(60 191 567)	(48 450 183)	-	(430 746 045)								
Depreciation charge	(746 761 149)	(40 717 617)	(373 342 348)	(61 846 616)	(159 756 388)	(130 945 626)	(31 116 250)	(1 544 465 994)								
Disposals - Cost	-	(1 141 607)	(4 405 031)	(723 122)	(1 619 628)	-	(3 200 000)	(11 089 388)								
Disposals - Accumulated cost	(9 565 000)	1 148 281	2 876 694	723 118	1 579 297	-	1 536 320	(1 701 290)								

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Closing net book value	13 222 309 545	55 351 067	706 780 427	142 963 932	43 756 218	143 080 231	63 045 653	14 377 287 073
At 30 June								
Cost	15 457 967 510	171 514 498	1 607 808 584	370 740 102	367 632 883	523 782 532	121 265 000	18 620 711 109
Accumulated depreciation	(2 235 657 965)	(116 163 431)	(901 028 157)	(227 776 170)	(323 876 665)	(380 702 301)	(58 219 347)	(4 243 424 036)
Closing net book value	13 222 309 545	55 351 067	706 780 427	142 963 932	43 756 218	143 080 231	63 045 653	14 377 287 073

12. Property and equipment (medical scheme)

	Rwf	Land and Buildings	Motor vehicle	Furniture, fixtures & fittings	Computers	Office equipment	Laboratory equipment	Kitchen equipment	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
At 1 July									
Cost	15 457 967 510	171 514 498	1 607 808 579	370 740 102	367 632 883	523 782 532	121 265 000	18 620 711 104	
Accumulated depreciation	(2 235 657 965)	(116 163 431)	(901 028 153)	(227 776 170)	(323 876 663)	(380 702 301)	(58 219 347)	(4 243 424 030)	
Net book value	13 222 309 545	55 351 067	706 780 426	142 963 932	43 756 220	143 080 231	63 045 653	14 377 287 074	
At 30 June									
Opening net book value	13 222 309 545	55 351 067	706 780 426	142 963 932	43 756 220	143 080 231	63 045 653	14 377 287 074	
Additions	-	37 575 792	116 039	26 849 327	4 973 400	-	-	69 514 558	
Adjustments opening cost	(242 500 000)	-	242 500 000	-	-	-	-	-	
Adjustments opening depreciation	(11 212 605)	-	(3 384)	-	-	-	-	(11 215 989)	
Depreciation charge	(745 871 225)	(21 345 608)	(411 120 445)	(97 897 630)	(26 309 040)	(130 945 628)	(30 316 250)	(1 463 805 826)	
Disposals - Cost	-	-	(24 630 583)	(24 655 185)	(6 320 820)	-	(14 603 000)	(70 209 588)	
Disposals - Accumulated cost	-	-	18 323 080	24 624 729	6 276 385	-	10 661 652	59 885 846	
Closing net book value	12 222 725 715	71 581 251	531 965 133	71 885 173	22 376 145	12 134 603	28 788 055	12 961 456 075	
At 30 June									
Cost	15 215 467 510	209 090 290	1 825 794 035	372 934 245	366 285 463	523 782 532	106 662 000	18 620 016 075	
Accumulated depreciation	(2 992 741 795)	(137 509 039)	(1 293 828 901)	(301 049 071)	(343 909 318)	(511 647 929)	(77 873 945)	(5 658 539 998)	
Closing net book value	12 222 725 715	71 581 251	531 965 134	71 885 174	22 376 145	12 134 603	28 788 055	12 961 456 077	

12. Property and equipment (CBHI scheme)

	Land and Buildings	Motor vehicle	Furniture, fixtures & fittings	Computers	Office equipment	Laboratory equipment	Kitchen equipment	Total
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
At 1 July	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-
At 30 June								
Opening net book value	-	-	-	-	-	-	-	-
Additions	-	50 101 056	154 720	35 799 101	6 631 200	-	-	92 686 077
Adjustments opening cost	-	-	-	-	-	-	-	-
Adjustments opening depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(4 634 348)	(10 381)	(14 607 153)	(1 449 018)	-	-	(20 700 900)
Disposals - Cost	-	-	-	-	-	-	-	-
Disposals - Accumulated cost	-	-	-	-	-	-	-	-
Closing net book value	-	45 466 708	144 339	21 191 948	5 182 182	-	-	71 985 177
At 30 June								
Cost	-	50 101 056	154 720	35 799 101	6 631 200	-	-	92 686 077
Accumulated depreciation	-	(4 634 348)	(10 381)	(14 607 153)	(1 449 018)	-	-	(20 700 900)
Closing net book value	-	45 466 708	144 339	21 191 948	5 182 182	-	-	71 985 177

RSSB uses straight line method for depreciating its assets.

During the financial year ended 30th June 2015 there is an increase from purchases of Frw 140,0004,000 of motor vehicles, Frw 169,053,880 of security equipment, Frw 254,067,350 of information and technology equipment, Frw 52,430,150 of software and Frw 315,242,186 of office furniture which represent the major increase in assets.

13. Intangible assets

Cost	Pension Scheme		Medical Scheme		Total		Total	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
At start of year	394 098 545	376 805 893	171 366 559	136 229 061	-	-	565 465 104	513 034 954
Additions	52 071 766	26 215 075	52 071 766	26 215 075	69 429 022	-	173 572 554	52 430 150
Adjustment of opening Balance	-	(8 922 423)	-	8 922 423	-	-	-	-
	446 170 311	394 098 545	223 438 325	171 366 559	69 429 022	-	739 037 658	565 465 104
Amortization								
At start of year	(365 279 280)	(318 945 674)	(150 246 503)	(96 285 279)	-	-	(515 525 783)	(415 230 953)
Charge for the year	(33 261 287)	(46 333 606)	(33 261 286)	(53 961 224)	(21 280 966)	-	(87 803 539)	(100 294 830)
Adjustment of opening Balance	-	(365 279 280)	(183 507 789)	(150 246 503)	(21 280 966)	-	(603 329 322)	(515 525 783)
Closing net book value	47 629 744	28 819 265	39 930 536	21 120 056	48 148 056	-	135 708 336	49 939 321

Intangible assets relates to computer software licenses. It also includes any cost that is used to upgrade the computer software.

14. Investment properties

	2016 Rwf	2015 Rwf
Cost		
Net book value at 1 July	96 155 027 536	97 919 332 105
Adjustment of Prior FS	-	-
Addition	2 250 661 692	1 112 525 340
Adjustments and reclassification from PPE	-	490 417 223
Disposals	(2 534 212 534)	(3 367 247 132)
Fair value Gains/losses	-	-
Net book value at 30 June	95 871 476 694	96 155 027 536

Note: RSSB's investment properties were valued at 30 June 2012 by independent professional qualified valuers, who have recent experience in the location and category of the respective investment properties. Valuations were based on the depreciated replacement costs of the properties. RSSB leases its investment properties under short term operating leases and the rental income is earned from investment properties.

Disclosures:

At 25/10/2013 the Board entered into a sales agreement with the government of Rwanda acting through the Ministry of Finance and Economic planning. The seller (RSSB) sold and transferred to the purchaser (Government of Rwanda) three (3) Buildings described below:

1. Kacyiru building (former CSR headquarter) at Rwf 8,148,783,703
2. Kicukiro pension plaza at Rwf 5,893,972,030
3. Nyarugenge pension plaza at Rwf 12,254,882,795

The Government of Rwanda made a down payment of 5 billion and converted the remaining balance into a 5 years bond payable on a quarterly basis at an interest rate of 5%.

See Note 17.2 on page 41

15. Assets held for sale

	2016 Rwf	2016 Rwf
Cost		
Net book value at 1 July	532 796 215	463 419 896
Addition	-	-
Transfers to property and equipment	-	117 083 147
Transfers to/from Investment works in progress	-	-
Depreciation for the year	-	-
Disposals	(75 744 563)	(47 706 828)
Fair value Gains/losses	-	-
Total cost at 30 June	457 051 652	532 796 215
Cost		532 796 215
Accumulated Depreciation charge	457 051 652	-
Net book value at 30 June 2015	457 051 652	532 796 215

Note:

RSSB's assets held for sale contains houses H1 and centre socio-recreatif remained at Kacyiru Estate.

16. Equity investments – Pension

Company particulars	Balance at 30 June	Adjustment to	Fair value	Additions	Disposals/	Balance at 30 June
	2015	opening balance	gains/(loss)	Rwf	Transfers	2016
	Rwf		Rwf		Rwf	Rwf
Akagera Game Lodge	3 384 978 277	-	(215 219 277)	-	-	3 169 759 000
Bank of Kigali Limited	60 835 789 435	-	(1 894 545 000)	-	-	58 941 244 435
Bralirwa Limited	7 126 161 200	-	(3 654 965 200)	-	-	3 471 196 000
Broll Rwanda Limited	25 567 409	-	-	-	-	25 567 409
Building Materials Investments (BMD)	5 101 711 500	-	231 142 000	-	-	5 332 853 500
CIMERWA Limited	6 256 823 127	-	(218 881 570)	-	-	6 037 941 557
CRYSTAL TELECOM	10 131 625 000	-	(4 457 915 000)	-	-	5 673 710 000
Development Bank of Rwanda Limited	16 999 957 851	-	799 054 130	-	-	17 799 011 981
EPIC	1 000 000 000	-	-	500 000 000	-	1 500 000 000
Gaculiro Property Development Limited	2 045 359 370	-	-	-	-	2 045 359 370
Hostels 2020	3 704 334 488	-	(14 261 639)	-	-	3 690 072 849
INYANGE INDUSTRIES	4 884 000 000	-	(84 000 000)	11 256 000 000	-	16 056 000 000
New Forest Company Holdings UK Limited	1 151 355 497	(676 455 097)	17 443 351	-	-	492 343 751
New Forest Rwanda Company	1 070 577 700	1 961 181 700	1 234 280 600	-	-	4 266 040 000
PTA BANK	4 356 499 625	-	2 228 314 303	-	-	6 584 813 928
RFHI Co (Merrimack pharmaceuticals)	20 882 816 642	(205 312 149)	(10 531 690 194)	-	-	10 145 814 299
Rwanda Enterprise Investment Company	40 619 623	-	(29 612 762)	-	-	11 006 861
Rwanda Free Trade Zone	1 408 629 540	-	813 384 052	-	-	2 222 013 592
Rwanda Investment Group Limited	2 897 535 385	-	8 594 626	-	-	2 906 130 011
Rwanda Stock Exchange	41 388 899	-	14 182 308	-	-	55 571 207
Safaricom Limited	6 069 974 001	-	271 542 754	-	-	6 341 516 755
Sonarwa Holdings Limited	1 801 362 550	-	(137 770 912)	-	-	1 663 591 638
SOPYRWA	4 160 000 000	-	1 176 769 267	4 140 000 000	-	9 476 769 267
SOYCO	370 178 830	-	(264 346 538)	-	-	105 832 292
Ultimate Concepts	3 844 955 772	-	(3 844 955 772)	-	-	-
Ultimate Developers Ltd	35 790 577 927	(9 375 801 599)	1 928 743 947	22 489 108 725	-	50 832 629 000
Total	205 382 779 648	(8 296 387 145)	(16 624 712 526)	38 385 108 725	-	218 846 788 702

Company particulars	Balance at 30 June	Fair value	Additions	Disposals/	Balance at 30 June
	2014	gains/(loss)		Transfers	2015
	Rwf	Rwf	Rwf	Rwf	Rwf
Akagera Game Lodge	4 925 611 163	(1 990 632 886)	450 000 000	-	3 384 978 277
Bank of Kigali Limited	62 866 245 000	(2 100 810 278)	70 354 713	-	60 835 789 435
Bralirwa Limited	9 086 366 000	(1 960 204 800)	-	-	7 126 161 200
Broil Rwanda Limited	25 567 409	-	-	-	25 567 409
Building Materials Investments (BMD)	4 388 909 139	(787 197 639)	1 500 000 000	-	5 101 711 500
CIMERWA Limited	7 171 313 581	(914 490 454)	-	-	6 256 823 127
CRYSTAL TELECOM	-	1 621 060 000	8 510 565 000	-	10 131 625 000
Development Bank of Rwanda Limited	14 040 976 000	2 958 981 851	-	-	16 999 957 851
EPIC	-	-	1 000 000 000	-	1 000 000 000
Gaculiro Property Development Limited	2 557 960 970	(512 601 600)	-	-	2 045 359 370
Hostels 2020	6 192 943 899	(2 488 609 411)	-	-	3 704 334 488
INYANGE INDUSTRIES	-	-	4 884 000 000	-	4 884 000 000
New Forest Company Holdings UK Limited	1 092 886 850	58 468 647	-	-	1 151 355 497
New Forest Rwanda Company	68 300 000	1 002 277 700	-	-	1 070 577 700
PTA BANK	-	-	4 356 499 625	-	4 356 499 625
RFHI Co (Merrimack pharmaceuticals)	11 773 272 195	9 109 544 447	-	-	20 882 816 642
Rwanda Enterprise Investment Company	43 403 945	(2 784 322)	-	-	40 619 623
Rwanda Free Trade Zone	1 303 930 242	104 699 298	-	-	1 408 629 540
Rwanda Investment Group Limited	2 560 506 018	337 029 367	-	-	2 897 535 385
Rwanda Stock Exchange	36 420 173	4 968 726	-	-	41 388 899
Safaricom Limited	7 001 850 960	307 395 939	-	(1 239 272 898)	6 069 974 001
Sonarwa Holdings Limited	1 321 427 487	479 935 063	-	-	1 801 362 550
SOPYRWA	-	-	4 160 000 000	-	4 160 000 000
SOYCO	618 110 116	(247 931 286)	-	-	370 178 830
Ultimate Concepts	5 351 226 112	(1 506 270 340)	-	-	3 844 955 772
Ultimate Developers Ltd	21 079 686 652	-	14 710 891 275	-	35 790 577 927
Total	163 506 913 911	3 472 828 022	39 642 310 613	(1 239 272 898)	205 382 779 648

The difference between the previous and current financial year in the fair value of equities (Pension Scheme) shows a large decrease of Frw 56,267,023,139 which was due mainly by the revaluation of Bank of Kigali, BRALIRWA, CRYSTAL TELECOM, RFHI, UDL and etc.

In previous financial statements, the equities were revalued using the estimated projected earnings (cash flow) and for the current financial year 2014-2015, the method used was Net Asset Value.

There is also some large decrease in fair value of the following:

1. Bank of Kigali presents last financial year the fair value of Frw 21 Billion and the current Frw 214 Million;
2. For Bralirwa, last financial year the fair value was Frw 259 Million and a negative of Frw 2,1 Billion;
3. For Akagera Game Lodge, the last financial year the fair value was Frw 2,5 and a negative of Frw 2,0;
4. For Hostels 2020, the last financial year the fair value was Frw 1,4 and a negative of Frw 1.

16. EQUITY INVESTMENTS – MEDICAL SCHEME

Company particulars	Balance at 30 June 2015	Adjustment to opening balance	Fair value gains/(loss)	Additions	Disposals/ Transfers	Balance at 30 June 2016
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
Bank of Kigali Limited	2 232 362 665		(69 515 100)	-	-	2 162 847 565
Bralirwa Limited	2 933 065 800		(1 504 351 800)	-	-	1 428 714 000
Cimerwa Limited	6 256 823 127		(218 881 570)	-	-	6 037 941 557
Cogebanque S.A.	9 137 500 000		(3 554 043 116)	-	-	5 583 456 884
PTA BANK	4 356 499 625		2 228 314 303	-	-	6 584 813 928
Rwanda Foreign Holding Investment Company	9 040 166 632	(88 879 583)	(4 559 166 318)	-	-	4 392 120 731
Rwanda Investment Group Limited	869 260 616		2 578 388	-	-	871 839 004
	34 825 678 465	(88 879 583)	(7 675 065 213)	-	-	27 061 733 669

Company particulars	Balance at 30 June 2014	Fair value gains/(loss)	Additions	Disposals/Transfers	Balance at 30 June 2015
	Rwf	Rwf	Rwf	Rwf	Rwf
Bank of Kigali Limited	2 309 446 100	(77 083 435)	-	-	2 232 362 665
Bralirwa Limited	3 739 869 000	(806 803 200)	-	-	2 933 065 800
Cimerwa Limited	7 171 313 581	(914 490 454)	-	-	6 256 823 127
Cogebanque SA.	8 500 000 000	-	637 500 000	-	9 137 500 000
PTA BANK	-	-	4 356 499 625	-	4 356 499 625
Rwanda Foreign Holding Investment Company	5 096 646 888	3 943 519 744	-	-	9 040 166 632
Rwanda Investment Group Limited	768 151 805	101 108 811	-	-	869 260 616
	27 585 427 374	2 246 251 466	4 993 999 625	-	34 825 678 465

16. EQUITY INVESTMENTS (PREFERENCE SHARES) – PENSION SCHEME

Company particulars	Balance at 30 June 2015	Fair value gains/(loss)	Transfer from Equity to Preference shares	Disposals/Transfers	Balance at 30 June 2016
	Rwf	Rwf	Rwf	Rwf	Rwf
Bank of Kigali Limited	-	-	438 273 748	-	438 273 748
	-	-	438 273 748	-	438 273 748

16. EQUITY INVESTMENTS (PREFERENCE SHARES) - MEDICAL SCHEME

Company particulars	Balance at 30 June 2015	Fair value gains/(loss)	Transfer from Equity to Preference shares	Disposals/ Transfers	Balance at 30 June 2016
	Rwf	Rwf	Rwf	Rwf	Rwf
Bank of Kigali Limited	-	4 389 000 841	3 700 228 195	-	8 089 229 036
	-	4 389 000 841	3 700 228 195	-	8 089 229 036

16. Fully impaired investments (Pension Scheme)

The following investments were fully impaired as at 30 June 2012, 2013 and 2014:

Investment	Carrying Amount	Impairment provision	Net Carrying Amount
	Rwf	Rwf	Rwf
International Transport Society of Rwanda	10 000 000	(10 000 000)	-
Air Rwanda S.A	8 000 000	(8 000 000)	-
Net care King Faisal Hospital	83 052 040	(83 052 040)	-
Suremed	62 000 000	(62 000 000)	-
Total	163 052 040	(163 052 040)	-

17. Government Bond

		2016 Rwf	2015 Rwf
Governments bonds from 2006	<u>17.1</u>	34 000 000 000	34 000 000 000
Government bonds through Ministry of Finance.	<u>17.2</u>	15 611 247 200	19 606 124 636
MININFRA	<u>17.3</u>	-	-
Interest accrued		2 982 496 460	3 631 732 272
Repayments		(14 128 060 476)	(7 626 609 708)
Adjustement of opening balance		-	-
		38 465 683 184	49 611 247 200

17.1. Government Bond from 2006

		2016 Rwf	2015 Rwf
Balance as at 1 July		34 000 000 000	34 000 000 000
Interest accrued		2 325 722 222	2 775 000 000
Repayments		(9 287 500 000)	(2 775 000 000)
Adjustement of opening balance		-	-
		27 038 222 222	34 000 000 000
Current		8 038 222 222	7 000 000 000
Non-current		19 000 000 000	27 000 000 000
Total		27 038 222 222	34 000 000 000

Government bond to the government of Rwanda arising from a conversion of amounts due from the Government into a bond through contract with the government dated 29 September 2006. The bond earns interest at an annual rate of 7.5% and is payable until 2018.

17.2. Government Bond through Ministry of finance and economic planning

	2016	2015
	Rwf	Rwf
Balance as at 1 July	15 611 247 200	19 606 124 636
Adjustment opening balance	-	(11 049 232)
Interest accrued	656 774 238	856 732 272
Interest paid	(695 798 088)	(896 718 447)
Repayments	(4 144 762 388)	(3 943 842 029)
	11 427 460 962	15 611 247 200
Current	4 473 983 830	4 301 851 363
Non-current	6 953 477 132	11 309 395 837
	11 427 460 962	15 611 247 200

17.3 Government Bond through MININFRA

	2016	2015
	Rwf	Rwf
Balance as at 1 July	-	149 285 693
Interest accrued	-	-
Repayments	-	-
Transfer to Laon	-	(149 285 693)
	-	-
Current	-	-
Non-current	-	-
	-	-

During the year 2014 the Board entered into an agreement with the government of Rwanda acting through the MININFRA in a contract for office partitioning in KICUKIRO PENSION PLAZA. MININFRA must pay the total price of the contract and there is no profit margin on this amount.

18. Corporate and treasury Bonds**a) Corporate bonds for Pension scheme**

	2016	2015
	Rwf	Rwf
Balance as at 1 July	2 752 420 583	5 407 570 392
Additions	-	-
Interest accrued	326 054 705	331 048 083
Transfers to Governments	-	-
Bonds	-	(2 582 017 892)
Prior year interest under casted	-	-
Repayments	(396 727 917)	(404 180 000)
	2 681 747 371	2 752 420 583

Corporate bonds are debt securities issued by BNR and I&M Bank (Rwanda) Limited domiciled in Rwanda. These securities have a maturity period of 3years for BNR debt and 10 years for I&M bank (Rwanda) and are carried at amortized cost. The amortized cost approximates the fair value of the bonds.

b) Treasury Bonds for Pension scheme

	2016	2015
	Rwf	Rwf
Balance as at 1 July	15 074 045 876	-
Transfer from Corporate bonds	-	2 582 017 892
Additions	12 959 400 000	12 148 957 484
Accrued interest income	2 559 958 580	998 742 375
Accrued tax on interest income	-	(7 171 875)
Payments of interests	(2 181 052 926)	(648 500 000)
Balance as at 30 June 2015	<u>28 412 351 530</u>	<u>15 074 045 876</u>

The amortized cost of the government securities closely approximates their fair value.

c) Treasury Bonds for Medical scheme

	2016	2015
	Rwf	Rwf
Balance as at 1 July	9 844 886 346	3 676 609 767
Additions	5 000 000 000	6 025 262 738
Accrued interest income	1 545 307 272	705 727 589
Interest paid	(1 409 470 146)	(562 713 748)
Principal paid	(500 000 000)	-
Balance as at 30 June 2015	<u>14 480 723 472</u>	<u>9 844 886 346</u>

The amortized cost of the government securities closely approximates their fair value.

19. Treasury bill

a) Pension

	2016	2015
	Rwf	Rwf
Balance as at 1 July	7 582 953 855	3 152 425 614
Additions	31 707 733 500	9 680 190 100
Interest accrued	737 884 875	580 349 943
Interest accrued from prior period	-	-
Maturities	(10 850 000 000)	(5 830 011 802)
Balance as at 30 June 2015	<u>29 178 572 230</u>	<u>7 582 953 855</u>

b) Medical

Balance as at 1 July	984 106 538	4 890 984 128
Additions	12 127 975 000	4 350 668 880
Interest accrued	235 868 736	185 123 584
Maturities	(4 000 000 000)	(8 442 670 054)
Balance as at 30 June	9 347 950 274	984 106 538

The maturity profile of the treasury bills held during the year is as follows:

	Pension Rwf	Medical Rwf
Treasury bills maturing:		
Within 91 days from the date of acquisition	-	-
91 days to 1 year from the date of acquisition	29 178 572 230	9 347 950 274
	29 178 572 230	9 347 950 274

20. Loans and Advances to third parties

Notes	Pension Scheme		Medical Scheme		CBHI		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
City of Kigali	809 745 190	794 139 314	-	-	-	-	809 745 190	794 139 314
Rwanda Development Board	-	-	-	3 605 679 778	-	-	-	3 605 679 778
New Forest Company	-	438 273 748	-	-	-	-	-	438 273 748
MININFRA	149 285 693	149 285 693	-	-	-	-	149 285 693	149 285 693
	959 030 883	1 381 698 755	3 605 679 778	3 605 679 778	959 030 883	4 987 378 533		

20.1. Loan to Development Bank of Rwanda Limited

The loan to City of Kigali is from the agreement for Kibagabaga-Kinyinya road project between City of Kigali, RSSB and Horizon Group where City of Kigali shall be responsible of contribution of the 60% of the total expropriation cost evaluated for the branch connecting to RSSB and 50% for the branch connecting to Horizon Group LTD investment sites, contribution of 100% cost for the study of road and contract management of all contracts related to this project which is road study and supervision services, road construction works and the expropriation related services.

20.2. Loan to Rwanda Development Board

On 7th July 2011 the Rwanda Development Board represented by Ministry of Finance as guarantor was given a loan of Rwf 2,500,000,000 by RSSB. The loan must be repaid over a period of four (4) years with a grace period of two (2) years. The loan was issued at a floating interest rate and based on the average of the last six months rate of treasury bills plus 1.5% from the date of the disbursement, payable semi-annually. We have included interest accrued of Rwf 94,548,417 in statement of comprehensive income for this loan. The amount converted into preference shares of Frw 8,089,229,036 is Frw 3,605,679,778 plus the current accrued interest of Rwf 94,548,417 million.

20.3. Loan to New Forest Company

The Board advanced a shareholder loan to New Forests Company Rwanda amounting to Rwf 438,273,748. The loan was advanced on 13 May 2012. The loan is interest free and is unsecured. The shareholder loan was converted into preference shares cfr Note 16

20.4 Loan to MININFRA

	2016	2015
	Rwf	Rwf
Balance as at 1 July	149 285 693	149 285 693
Interest accrued	0	0
Repayments	0	0
	<u>149 285 693</u>	<u>149 285 693</u>
Current	0	0
Non-current	149 285 693	149 285 693
Total	<u>149 285 693</u>	<u>149 285 693</u>

During the year 2014 the Board entered into an agreement with the government of Rwanda acting through the MININFRA in a contract for office partitioning in KICUKIRO PENSION PLAZA. MININFRA must pay the total price of the contract and there is no profit margin on this amount.

21. Mortgages loans

	2016	2015
	Rwf	Rwf
At 1 July	749 766 918	2 133 468 247
Unallocated mortgages at 01 July	240 086 202	521 253 934
Repayments during the period	(199 827 019)	(1 664 869 061)
Unallocated mortgages paid	(208 127 637)	(240 086 202)
Balance at the 30 June	<u>581 898 464</u>	<u>749 766 918</u>
Impairment provision	-	-
Net balance at 30 June 2015	<u>581 898 464</u>	<u>749 766 918</u>

22. Inventory

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Office suppliers	91 967 912	161 043 869	91 967 912	161 043 868	122 623 882	-	306 559 706	322 087 737
Fuel Inventory	941 751	2 803 265	941 751	2 803 265	1 255 669	-	3 139 171	5 606 530
Total	92 909 663	163 847 134	92 909 663	163 847 133	123 879 551	-	309 698 877	327 694 267

23. Other assets

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Advances to contractors	1 744 827 279	2 012 358 002	94 414 798	108 240 185	-	2 120 598 187	1 839 242 077	4 241 196 374
Staff loans and advances	236 214 866	282 718 622	245 718 824	276 565 838	45 937 573	559 284 460	527 871 263	1 118 568 920
Rent receivable	-	-	82 570 668	7 120 820	-	7 120 820	82 570 668	14 241 640
Receivable from medical scheme	-	-	4 237 926 888	2 458 221 708	-	2 458 221 708	4 237 926 888	4 916 443 416
Other debtors	588 904 931	576 876 891	555 305 427	133 828 588	518 210 326	710 705 479	1 662 420 684	1 421 410 958
Total	2 569 947 076	2 871 953 515	5 215 936 605	2 983 977 139	564 147 899	5 855 930 654	8 350 031 580	11 711 861 308

24. Deposits with Financial Institutions

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
Bank of Kigali	46 938 356 162	41 552 910 962	11 196 986 299	8 132 178 084	-	-	58 135 342 461	49 685 089 046
Banque Populaire du Rwanda Limited	8 308 068 497	6 289 438 358	12 456 623 286	8 371 143 832	-	-	20 764 691 783	14 660 582 190
Zigama CSS	8 526 191 781	8 369 671 233	11 564 410 958	11 424 301 370	-	-	20 090 602 739	19 793 972 603
Guaranty Trust Bank Rwanda Limited	1 014 246 570	3 123 287 669	1 014 246 574	3 141 753 427	-	-	2 028 493 144	6 265 041 096
KCB Rwanda Limited	10 386 797 257	13 704 876 711	8 263 796 849	6 260 219 176	-	-	18 650 504 106	19 965 095 887
Ecobank Rwanda Limited	13 423 808 218	8 417 232 875	4 072 328 766	4 083 013 698	-	-	17 496 136 984	12 500 246 573
Cogebanque Limited	12 473 770 493	12 474 246 575	14 420 273 972	9 325 814 806	-	-	26 894 044 465	21 800 061 381
Development Bank of Rwanda Limited	29 682 191 784	21 332 424 657	23 297 808 222	21 182 589 041	-	-	52 980 000 006	42 515 013 698
I&M Bank Rwanda Limited	7 514 444 445	4 452 465 755	3 047 671 233	2 134 246 576	-	-	10 562 115 678	6 586 712 331
Access Bank (Rwanda) Limited	-	-	3 122 739 725	3 145 205 479	-	-	3 122 739 725	3 145 205 479
Equity Bank Rwanda Limited	-	-	7 336 986 301	2 136 438 356	-	-	7 336 986 301	2 136 438 356
AB Bank	530 438 356	-	-	-	-	-	530 438 356	-
Total	138 798 313 563	119 716 554 795	99 793 782 185	79 336 903 845	-	-	238 592 095 748	199 053 458 640

25. Cash and bank balances

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf	Rwf
Cash at bank	21 836 285 925	25 661 881 159	9 968 066 042	20 134 030 853	7 320 058 866	-	39 124 410 833	45 795 912 012
Cash at hand	4 518 516	2 127 462	4 561 711	2 127 457	6 082 268	-	15 162 495	4 254 919
Total	21 840 804 441	25 664 008 621	9 972 627 753	20 136 158 310	7 326 141 134	-	39 139 573 328	45 800 166 931

26. Retentions on contractors' payments

In accordance with the institution's procurement policy and the construction contracts it enters into, the institution retains 10% on all contractors' invoices prior to completion of contracted works. The retentions are payable to contractors on completion and certification of works carried out. The current year retention balance stands at Rwf 404,233,325 for pension scheme and Rwf 468,350,726 for medical scheme.

27. Medical and CBHI claims payable

<i>Medical claim payable</i>	2016 Rwf	2015 Rwf
Claims incurred but not reported	3 950 158 379	1 963 224 427
a) CBHI claims payable	2016 Rwf	2015 Rwf
Claims incurred but not reported	11 944 173 584	0

28. Other Payables

	<u>Pension Scheme</u>		<u>Medical Scheme</u>		<u>CBHI</u>		<u>Total</u>	
	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf	2016 Rwf	2015 Rwf
Suppliers	448 760 448	1 943 278 649	624 537 674	1 181 330 868	2 825 152 928	-	3 898 451 050	3 124 609 517
Payable to pension scheme	3 047 544 974	2 458 221 708	-	-	1 190 381 914	-	4 237 926 888	2 458 221 708
Unallocated contributions	1 005 589 382	984 404 192	-	-	-	-	1 005 589 382	984 404 192
Pay As You Earn (PAYE)	60 961 514	72 061 736	60 961 512	71 296 179	81 282 018	-	203 205 044	143 357 915
Pension Benefits payable	323 329 220	67 407 627	-	-	-	-	323 329 220	67 407 627
Other creditors	966 992 679	1 431 401 769	1 044 916 498	735 945 463	4 929 905 417	-	6 941 814 594	2 167 347 232
Total	5 853 178 217	6 956 775 681	1 730 415 684	1 986 572 510	9 026 722 277	-	16 610 316 178	8 945 348 191

29. Share Capital

Share capital relates to retained surpluses from the medical and pension division converted to shares. The shares are unallocated.

30. Retained earnings

Retained earnings relate to surpluses from the medical and pension division not converted to statutory reserve.

31. Revaluation reserve

The revaluation surplus represents the surplus on the revaluation of land and buildings and is non-distributable. Movements in the reserve are shown on the statement of changes in equity.

32. Fair value reserve

The fair value reserve represents the surplus on the revaluation of available-for-sale equity investments and is non-distributable. Movements in the reserve are shown on the statement of changes in equity. The revaluation has no deferred tax impact as RSSB is tax exempt by law.

33. Accumulated members funds

Accumulated members funds represents the surplus on the others reserves of occupational Hazards. Movements in the reserve are shown on the statement of changes in equity.

34. Statutory reserves

The statutory reserves are set out by Decree Law of 22 August 1974 concerning the organisation of social security. Article 15 of the Law stipulates that the National Social Security Institutions provide the following reserves for both the occupational hazards and pensions branches;

- a) Pension Working Capital reserve is equivalent to a quarter of the total expenses of the pension's branch previous year.
- b) Pension Technical reserve should not be lower than the total expenses of the branch for the last three years.
- c) Occupational Hazards Technical reserve must be equal to twelve times the total amount of occupational hazards paid during the year
- d) Occupational Hazards Security reserve is equal to a quarter of the expenses incurred during the last three years.

Occupational Hazards Working capital reserve should be equal to a quarter of the expenses of the previous year.

35. Contingent liabilities

In 2010, a dispute arose between RSSB and Thomas and Piron Grand Iacs Limited who had been contracted by RSSB to construct the Grand Pension Plaza Building. RSSB disputed the final certificate issued by the contractor as cost of work done. The two parties engaged a quantity surveyor whose report concluded that the contractor's costs had been overstated by Rwf 4.7 Billion. This was however disputed by Thomas and Piron. As of the date of this report, the matter was yet to be resolved.

At the year-end 30th June 2015, a dispute between RSSB and NYIRAMUGWERA Dantier Seraphine relating to the expropriation of land located at GACULIRO had not been concluded.

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Board at 30 June 2015.

36. Related parties

The Rwanda Social Security Board operates under the Ministry of Finance and Economic Planning (MINECOFIN). In accordance with Law No. 45 of 2010 establishing the Rwanda Social Security Board and determining its mission, organization and functioning, the Prime Minister appoints the directors to the Board. RSSB considers the Government of Rwanda ("GoR") to be in a position to exercise significant influence over it, and therefore regards GoR and several of its bodies as related parties for the purpose of the disclosures required by IAS 24 (2009) *Related Parties Disclosures*.

RSSB has elected to adopt the exemption available in paragraph 25 of IAS 24, and therefore has not provided detailed disclosure of its transactions with GoR and its agencies. A summary of the Fund's transactions with the GoR and its bodies is included below:

- RSSB has issued a bond to GoR as set out under Note 16; RSSB collects contributions from employees of parastatals and other government bodies in the country as part of the execution of its mandate as the public pension fund and the provider of medical insurance to civil servants in Rwanda. Some of the fund's contributions by members are received by the Rwanda Revenue Authority on behalf of RSSB.
- In its normal course of business, RSSB operates current and deposit accounts with the National Bank of Rwanda (Rwanda's Central Bank). RSSB also operates current and deposit accounts with Zigama CSS, a microfinance institution affiliated to the Ministry of Defence;
- During the year, RSSB sold three of its investment properties to the Government through the Ministry of Finance and economic planning.

The transactions described above are both collectively and individually significant to the financial statements.

37. Actuarial valuation

a. Pension scheme

Background and purpose of the actuarial valuation

The purpose of an actuarial valuation is to review the long-term financial sustainability of a pension scheme. RSSB therefore commissioned Government Actuary's Department (GAD) based in London, UK to perform an actuarial valuation as at 30 June 2012 of the RSSB pension & occupational hazard scheme.

The actuarial valuation has reviewed the following:

- Membership profile and how this is likely to change over the next 50 years
- The contribution rate required to balance contribution income and expenditure
- Funding position at the valuation date.

Membership profile and how this is likely to change over the next 50 years.

- Active members are those members who are currently contributing.
- Deferred members have contributed, but are not currently, and have not yet reached retirement.
- Pensioner members have retired and are receiving benefit.

Currently there is a relatively small number of pensioner members (around 30,000) compared to the number of Active Members (around 330,000) at the valuation date and so there is a low dependency ratio. This dependency ratio is set to change as more people retire, and so the dependency ratio will start to increase.

The contribution rate required to balance contribution income and expenditure.

The contributions rates are currently as follows:

- 2%: occupational hazard (payable by employer)
- 3%: pension branch (payable by employer)

- 3%: pension branch (payable by employee)

At the moment there is enough money to pay pension benefits from the contributions RSSB receives. This is because there are proportionally few pensioners. However as more people retire the contributions coming into RSSB will not be sufficient to pay benefits and so assets will need to be sold. Finds revealed that after around 25 years, RSSB will need to start selling assets in order to pay benefits.

The current contribution level of 6% to the pension branch does not cover the benefits provided. It has been estimated that pension branch will become exhausted by 2044 if the assumptions are born out in practice. RSSB therefore must take measures to ensure sustainability of the scheme.

The occupational hazard branch has been projected to remain solvent through the 50-year projection period.

Funding position at the valuation date

For the scheme to be fully funded where the funding position is 100%, additional contributions would be required from employees, employers or government.

Summary of scheme funding position at the valuation date:

Pension branch stands at 15.4%
Occupational hazard branch stands at 111.3%
Scheme overall stands at 23.6%

These figures have been determined by dividing the net assets by the present value of the benefits promised at the valuation date. The present value of benefits has been calculated by discounting projected expenditure in respect of accrued benefits over the 50-year projection period based on projected salaries.

The principal actuarial assumptions used were as follows:

Factor	Principal Assumption
Price inflation	5% a year
Earnings inflation	6% a year
Investment return	7.5% a year
Labour Market	First year- 10% increase reducing over 10 years to 6% increase Based on UN CD-North model life table, 2010-15 life expectancy of 55 for males and 57.5 for females future
Mortality Assumptions	Improvement: > 1.25% a year for males >1.5% a year for females
Pension increases	No allowance
Expenses	First year-15% of contribution income and benefit expenditure reducing over 5 years to 10%.

Valuation methodology and assumptions

The future financial status of the Board was determined basing on many demographic, economic and program specific factors. Assumptions were developed for the specific demographic and economic factors based on analysis of historical and projected data obtained from various credible sources such as the National Institute of Statistics Rwanda, The International Monetary fund, the World Health organization and the Board's department of Planning, Research and Statistics.

Demographic assumptions made covered the following; mortality rates, disability rates, future new members to the Board and members' composition i.e. male – female, dependency ratios, age etc.

Economic assumptions made considered inflation rates, salary increments, and investment return rates. The program specific assumptions included; retirement rates, minimum monthly pensions and temporal and permanent disability rates. The above assumptions were fed into the valuation model to calculate the short and long term estimates.

Recognition of the actuarial results

The fund runs a state plan as defined in International Accounting Standard (IAS) 19, i.e. it is established by legislation to cover all entities and is operated by national or local government or by another body. The fund is sponsored by the Government of Rwanda through the Ministry of Finance and Economic Planning (MINECOFIN). The Government of Rwanda then would make good any deficits that the fund would have at any point in time. According to IAS 19, results of the actuarial valuation of such entities should only be recognised in the records of the sponsoring organisation only and this is why the results have not been recognised in the financial statements of the fund.

As at 30 June 2014 and 2013, the only single investment that was greater than 5% of the fund's net assets value was the government bonds. Details of this are presented under Note 16 of the financial statements.

b. Medical scheme

The purpose of this actuarial valuation is to review the short term financial sustainability of a medical scheme. RSSB therefore commissioned Muhanna &co. Actuaries & consultants to perform an actuarial valuation as at 30 June 2012 of its Medical Benefit Insurance Scheme.

The scope of work of the study

- Produce a comprehensive actuarial valuation report including IAS 26 disclosures of the medical benefit insurance scheme.
- Examine the feasibility of providing health care provision to pension retirees who either receive a pension from RSSB, or who received a lump sum payment on retirement.
- Provide advice on increasing medical benefit coverage within Rwanda whilst protecting the scheme from selection.
- Provide advice on how to control benefit costs, which have been increasing.

Based on data provided to us by the RSSB and assumptions made for the base scenario, we were able to carry out this study and the demographic and cash flows projection of the fund for the next 50 years.

The financial position of the fund has been examined using different contribution rates, as defined by the following methods of funding:

- Pay-as-you-go method
- General average premium method

Under the Pay-as-you-go (PAYG) method the contribution income in each year exactly (or almost exactly) equals benefit expenditure in same year and the contribution rate varies each year.

Under the general average premium (GAP) method, the contribution rate is equal to the present value of the benefit expenditure (minus the Net Assets of the Fund as at the Valuation Date) over the present value of future contributory salaries. This method results in a stable contribution rate, if assumptions are borne out in practice.

The results of the Base scenario were also tested under alternative scenarios that involve the provisions of the Scheme. These scenarios concern mainly extending the coverage to include all RSSB pensioners and lump sum benefiting retirees, and covering medical treatment abroad for procedures which are not currently available in Rwanda.

- **Extension of Post-Retirement Medical coverage**

The feasibility of providing healthcare provision to all RSSB's pension retirees as well as RSSB's retirees who received a lump payment upon retirement has been examined. The result showed that it is not a viable option for the scheme to extend the medical coverage to include all RSSB pensioners and retiring members who benefited from lump sums.

- **Medical Treatment Abroad**

Our analysis showed that the number of cases sent annually for treatment abroad Rwanda is very limited. Since the average cost per claim of a case treated abroad is relatively very high, the inclusion of such a low number of cases treated abroad would have a major impact on the scheme (much higher than a 5% increase in costs)

- **Privatization of the RSSB's Pharmacies**

The new policy in place to privatize RSSB's pharmacies would have an impact on the net pharmacy sales which are the net of the revenues from pharmacy sales and the pharmaceutical inventory expensed. The Net Pharmacy Sales are considered as an additional source of income (to the Contribution Income) and in case of privatization they are expected to decrease gradually across the years.

Based on the analysis of data received and on the results of the actuarial valuation, we recommend the following:

- **Enhancements in data structure**

The data received from RSSB contained some gaps and problems. A list of few recommendations and general measures was provided in order to improve the quality of its medical Insurance Benefits scheme data.

- **Scheme's Current Contribution Rates**

The Scheme's current contribution rates amount to 15% of the employee's basic monthly salary. While the base scenario showed that if we project for a period of 50 years, the contribution rate required under the GAP funding method would be 14.5% (11.5% for the active members & their dependents, and 2.7% for the retirees & their spouses), projecting the Scheme's cash flows for a period of 75 years would result in a GAP contribution rate that is as high as 18.1%.

- **Splitting Fund into two**

The RSSB medical benefit Insurance fund should be split into two: a fund earmarked for active members and their dependents and another fund earmarked for the retirees and their spouses.

- **Freezing RSSB's benefits for three years**

Since the claims experience of RSSB's Medical scheme is relatively very short (Claims data extend from April till June 2012), we recommend that RSSB freeze all its medical benefits for at least 3 years, so that the next actuarial valuation can compare the results then on the same basis.

- **Minimum Contribution Salary of Private Sector Employees**

RSSB currently requires that employees joining from private sector institutions contribute a minimum of RWF 2,000 per month for each beneficiary registered under their membership (including the member him/herself). However, by asking the private sector employees to pay a minimum contribution on behalf of each beneficiary registered under their membership would incite these employees to declare the lowest possible number of dependents, but even worse to only declare about dependents with high healthcare risks. This would cause an adverse selection in the dependents of private sector employees.

As an alternative to the minimum contribution per beneficiary we suggest setting a minimum contributory salary for private sector employees. The analysis showed that the minimum contributory salary should be RWF 3,000 per month for each beneficiary

The minimum contributory salary that we suggest to set for members from private institutions should be RWF 65,000 per month. It represents 50% of the average basic salary of the Scheme.

38. Capital management

For regulatory purposes, the Medical division's capital includes both share capital and retained earnings. By the nature of its establishment, the medical division does not pay dividends. Its equity is managed to safeguard its ability to pay members medical benefits. Other objectives when managing its capital are:

- to comply with the capital requirements as set out in the Insurance Regulations;
- to comply with regulatory solvency requirements as set out in the Insurance Regulations; and
- to safeguard the medical scheme's ability to continue in operational continuity, so that it can continue to pay benefits to its members.

In 2008, Law No. 52/2008 governing the organisation of insurance business in Rwanda ("the Insurance Law") was promulgated. The Insurance Law requires entities providing short term insurance to hold a minimum level of paid up capital of Rwf 1 billion. It also sets regulatory solvency thresholds for insurance companies, based on prescribed admissibility criteria for assets and liabilities. The regulatory solvency requirements were effective in 2011.

During the year, the medical scheme held the minimum capital required for short term insurers. The capital at the end of 2014 and 2012 are presented on note 27.

The pension fund considers its reserves comprising of statutory reserves and accumulated members funds as its 'equity'. The primary objective in managing those reserves is to ensure that adequate solvency is maintained for purposes of future benefit payments to members. The level of statutory reserves is legislated as set out under Note 30. Other than for those reserves, the fund is not required to meet any other external capital requirements. The fund carries out periodical actuarial assessments to assess its actuarial solvency, as set out under Note 33.

39. Critical accounting estimates

The Board makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Fair value of equity investments

Fair values of equity investments may be determined in whole or part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data.

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example models) are used to determine fair values, they are validated and periodically independently reviewed by qualified senior personnel. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

ii) Recoverable amount of loans and receivables

The Board reviews its loan portfolios to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the Income statement or the Statement of changes in net assets available for benefits, RSSB makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

iii) Useful lives of property and equipment

RSSB's management determines the estimated useful lives and related depreciation charges for its property and equipment. This estimate is based on the projected useful lives for such assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

iv) Estimation of incurred but not yet reported claims

The estimation of future contractual cash flows in relation to losses incurred but not reported (IBNR) is the medical scheme's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the medical scheme will ultimately pay for such claims. IBNR is estimated based on historical experience. The directors also consider the actual experience post period end in assessing the adequacy of recorded liabilities.

v) Fair value of buildings under property and equipment and investments properties

Management estimates the fair value of investment properties and buildings by using the depreciated replacement cost. The fair value of the land is based on the open market value of land owned.

40 Summary of 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) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards. The financial statements summarize the transactions of the Board and deal with the net assets at the disposal of the directors. They do not take account of obligations to pay pensions and benefits that fall due after the end of the Board year. The actuarial position of the Board, which does take account of such obligations, is dealt with in the statement by the actuary and these financial statements should be read in conjunction with it. The financial statements are presented in Rwandan Francs. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Board

The following standards have been adopted by the society for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Board:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the society's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Board

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Board until 1 January 2014, however the board has decided to early adopt the amendment as of 1 January 2013.

(b) New standards and interpretations that are not yet effective and have not been early adopted (continued)

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Board, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The board is yet to assess IFRS 9's full impact. The Board will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Board is not currently subjected to significant levies so the impact on the Board is not material. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Board.

(b) Foreign currency translation

Functional and presentation currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Board operates (the "functional currency"). The financial statements are presented in Rwandan Francs (Rwf) which is the Board's functional currency.

Transactions and balances

Transactions in foreign currencies during the year are converted into Rwandan Francs at rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of changes in net assets available for benefits.

(c) Contributions and benefits payable

Contributions from employers/employees are accounted for on a receipts basis. Contributions not received at the end of every quarter is accrued at 125% of the previous quarter's gross salary declarations and reversed when the respective employers make their declarations. Benefits to members are accounted for when they are paid.

(d) Income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and related taxes.

- i) Interest income is recognized for all interest bearing instruments using the effective yield method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.
- ii) Dividends are recognized as income in the period in which the right to receive payment is established.
- iii) Rental income from operating leases is recognized on a straight-line basis over the lease term.

(e) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Value added tax incurred in the purchase of the fixed assets is capitalized as part of that fixed asset.

Management and directors review the residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of changes in net assets.

Depreciation is calculated on the straight line basis to write down the cost of each asset to their residual values over their estimated useful life. The entity depreciates its assets using the rates provided by the government. The following rates were adopted during the year:

Buildings	5%
Motor vehicles	25%
Home and office equipment	20%
Furniture and fittings	10%
Computer equipment	33.33%

(f) Intangible assets

Intangible assets relate to computer software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (two years). Costs associated with developing or maintaining computer software program are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Board and the cost can be reliably measured. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment property is carried at its depreciated cost.

Where the Board disposes of a property at fair value in an arm's length transaction, the difference between its depreciated cost and the proceeds received in the sale is recorded in the statement of changes in net assets available for benefit.

Capital work in progress includes buildings under construction. They are recorded at the actual costs incurred to date and capitalized when the completion certificates are received from the constructors.

(h) Cash and cash equivalents

For the purposes of presentation in the cash flow statement, the cash and cash equivalents comprise of bank balances and treasury bills maturing within 3 months from date of acquisition.

(i) Financial assets at fair value through profit or loss

All purchases and sales of financial assets at fair value through profit or loss are recognized on the trade date, which is the date the Board commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss is initially recognized at fair value, and transaction costs are expensed. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

All changes in the fair value arising on investments are recognized in the statement of changes in net assets available for benefits.

The fair values of quoted investments are based on current bid prices. If the market for an investment is not active (and for unlisted securities), the trustees establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

(j) Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. Financial instruments held by the Board include term deposits, treasury bills and bonds, unquoted investments, mortgages and cash and bank balances.

Classification

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial instruments are appropriately classified. Available for sale assets are financial assets that are not held for trading purposes, originated by the company, or held to maturity. Available for sale instruments include cash and bank balances.

(j) Financial instruments (continued)

Recognition

The entity recognizes available-for-sale financial assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognized in equity.

Measurement

Financial instruments are measured initially at cost, including transaction costs. Held to maturity financial instruments which include term deposits, treasury bills and bonds are measured at amortized cost less impairment losses. Amortized cost is calculated on the effective interest rate method.

Available for sale financial instruments include, unquoted equities which are stated at cost. Loans and receivables financial instruments held by the entity include; mortgages, contributions and other receivables, loans to government and personnel.

De-recognition

A financial asset is derecognized when the Board loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set-off the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(k) Impairment

The carrying amounts of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated and an impairment loss recognized whenever the carrying amount of an asset exceeds its recoverable amount.

(l) Provisions

A provision is recognized in the balance sheet when the entity has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Statutory reserves

The statutory reserves are set up under article 11 of law number 06/2004 of 22 March 2004 modifying and completing law of 22/08/1974. The article stipulates that the National Social Security Institutions provide the following reserves for both the occupational hazards and pensions branches.

Pension's branch

Working capital reserve is equivalent to a quarter of the total expenses of the pension's branch previous year. Technical reserve should not be lower than the total expenses of the branch for the last three years.

Occupational Hazards branch

Technical reserve must be equal to twelve times the total amount of occupational hazards paid during the year. Security reserve is equal to a quarter of the expenses incurred during the last three years. Working capital reserve should be equal to a quarter of the expenses of the previous year.

(n) Taxation

No provision is made for taxation as the entity is exempt from income tax in accordance with the Rwandan income tax law.

(o) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(p) Employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(q) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method less provision for impairment. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

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