

REPUBLIC OF RWANDA



Special Guarantee Fund

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ANNUAL ACTIVITY REPORT 2017-2018

September, 2018

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FOREWORD

Special Guarantee Fund (SGF), a Government of Rwanda insurance agency mandated to compensate victims of accidents and damages caused by uninsured and non-identified automobiles and wild animals. During 2017/2018 SGF settled claims both related to road accident and animal's damages as its core mission, this document includes the overview of insurance sector in Rwanda, the structure of SGF's staff, the list of SGF's Board member, compensation details and other support services performed throughout the whole year as detailed in the report hereinafter. At the end of the report a copy of audited financial statement of 2017/2018 is attached.

Dr. Joseph NZABONIKUZA
Director General



EXECUTIVE SUMMARY

During the year under review, on revenues side, SGF revenues increased by 7% from FRW 1,624 Million recorded in the previous year to FRW 1,749 Million in the year under review. This increase is mainly attributed to insurance premiums collected by insurance companies for SGF that increased by 19.3% from 744.76 Million in the previous to 888.45 Million. On expenditures side, SGF expenditures decreased by 3.6% from FRW 1,871 Million recorded in 2016/17 to FRW 1,806 Million in 2017/18 mainly due to reduction in compensation claims that reduced by 5.8% from 1,375 Million in 2016/17 to 1,295 Million in 2017/18 due to reduction in compensation cost that reduced by 5.8% from 1,375 Million in 2016/17 to 1,295 Million in 2017/18 as well as the reduction in staff costs as some employees left the institution during the period under review.

Regarding claims management, during the year under review a total number of 1,552 new claims have been received of which 1,351 new claims for wild animals' damages and 201 new claims for damages caused by road traffic accidents. Compared to the year 2016/17, the total number of claims increased by 5.2% where claims for wild animals' damages increased by 9% while claims for damages caused by road accidents decreased by 17%.

Meanwhile, during the year under review the number of road accidents caused by non-identified automobiles (86 new claims) represented 42.8% of the total new claims for road traffic accidents received which compared to the previous year decreased by 42.7% right from 150 recorded in the previous year. While the number of road accidents caused by non-insured automobiles (115 new claims) represented 57.2% of total new claims.

A decrease in new claims for road traffic accidents received in 2017/18 is partly explained by the decision taken by the Rwanda National Police of introducing speed governor and increasing street cameras to monitor road traffic.

Meanwhile, a total number of 1,427 claims have been effectively compensated of which 1,241 claims for wild animals' damages and 186 claims for damages caused by road traffic accidents. Compared to the year 2016/17, the total number of claims compensated increased by 0.4% where claims for wild animals' damages decreased by 1.8% and claims for damages caused by road traffic accidents increased by 14.2%. On the other hand, a total number of 129 Claims have been repudiated of which 82 claims for wild animals' damages and 47 claims for road traffic accidents. Compared to the year 2016/17, the total number of claims repudiated decreased by 45.3% where claims for road traffic accidents decreased by 2.1% while claims for wild animals' damages decreased by 56.3%.

Prevention being better than cure; SGF continued to take part in accidents prevention activities where SGF participated jointly with the Rwanda National Police in road safety week for the year 2018 to raise public awareness on road accident preventions as well as SGF mission and activities. Also, in

order to compensate wild animals' damages SGF organized an annual meeting with Sectors' Agronomists and local leaders to get updates on SGF compensation procedures related to laws, achievements and challenges and the way forward. Participants were also trained on new facility of online declaration of claims.

I. OVERVIEW OF INSURANCE SECTOR

Rwanda's insurance industry is comprised of public and private insurers. Public insurance business is run by 2 public health insurers (RSSB-medical and MMI) and one special scheme (Special Guarantee Fund-SGF), while private insurance business consists of 14 private insurers (10 general insurers and 4 life insurers). As at end June 2018, this sector operated a network of 581 agents, 17 brokers and 18 loss adjusters. According to the Central Bank statistics released by its Governor in the Monetary Policy and Financial Stability Statement on August 30th, 2018, in the financial year 2017-2018, the general insurance activity accounted for 82.8% of total gross premiums earned, while life insurance accounted for 17.2%.

in 2017-2018, total assets of the insurance sector increased by 15% to reach FRW 366.5 billion from 10.2% recorded in the previous financial year. It is worth noting that this performance is explained by retained earnings from public insurers and capital injections of a number of private insurance companies. However, the level of insurance penetration measured by gross premiums over GDP remained very low in Rwanda, estimated at 1.7% by end June 2018, the same level as the previous year.

It is worth noting that since January 2018, the Insurance companies have been recording significant increase of premiums following upward revised tariffs of motor insurance premiums to address long lasting issue of losses in motor insurance business. On annual basis, total motor insurance premiums recorded a significant increase of 18.1% from FRW 11 billion in June 2017 to 13 billion in June 2018, after a decline of 0.3% recorded in the previous financial year.

Table 1 Key financial highlights for insurance sector (in FRW billion, except otherwise indicated).

Description	Jun-17			Jun-18			% change
	Private	Public	Industry	Private	Public	Industry	Industry
Assets	136.4	230.1	366.5	157.5	265.5	423	15
Liabilities	17.3	2.5	19.8	21.5	4.7	26.2	32
Capital and reserves	39.2	226.8	266	51.6	259.7	311.3	17
Net written premiums	26.5	25.8	52.3	29	32.5	61.4	17
Net underwriting profit (loss)	-4.2	10.5	6.3	-3	11.3	8.3	32
Net profit after taxes	0.6	17.9	18.6	2.7	22.2	24.9	34

Source: BNR, Monetary and Financial Stability Statement of 30 August 2018, p. 57

II. OVERVIEW ON THE SPECIAL GUARANTEE FUND

The Special Guarantee Fund (SGF) is a public institution affiliated to the Ministry of Finance and Economic Planning with the supervisory role. It is headed by the Board of Directors with decision making role and competency to approve the Guarantee Fund's general policy, budget and annual accounts, activities report, internal rules and regulations, administrative, accounting, budgeting and financial procedures for an efficient and transparent management.

SGF is led by the Director General with the role of coordinating all services in order to ensure the interaction and collaboration at all levels. He also represents the Guarantee Fund in its activities with partners, users of its services or to other administrative and judiciary institutions. In addition, the Director General acts as the secretary to the Board of Directors.

SGF is composed by two units each of which headed by a Director. Those units are namely Compensation Unit and Administration and Finance Unit. The staff that does not belong to the aforementioned units is under direct supervision of the Director General.

II.1 SGF MISSION, VISION, ORGANIZATION AND FUNCTIONING

The SGF has been established by the law n° 52/2011 of 14/12/2011 determining its mission, organization and functioning as follows:

II.1.1SGF mission:

- 1° To compensate victims of damages or injuries caused by an automobile where:
 - a) the automobile is not identified;
 - b) the civil liability is not covered by compulsory civil liability insurance for motor vehicles;
 - c) the automobile was stolen or taken away from its owner or driver or from any other person that has the right over the automobile;
- 2° Compensate victims of damages caused by wild animals;
- 3° Help in covering medical expenses for people injured or incapacitated by accidents caused by automobiles or animals while waiting for the person responsible for civil liability to be identified;
- 4° Collect comprehensive data on insurance for automobiles through insurance companies, the Rwanda Revenue Authority and other institutions, in order to know which automobiles are not insured so that, in collaboration with police organs, they can be removed from road traffic;
- 5° Participate in accident prevention activities;
- 6° Take part in activities meant to assist and advise the victims of the accidents mentioned in subparagraphs 1^o and 2^o of this Article when they claim compensation and thereafter.

II.1.2 SGF Vision:

To set road users and wildlife neighbors mind at rest and become a leading institution in this field in Africa.

a. SGF Principles and Core value:

PRINCIPLES	VALUES
Transparency and being accountable	<ul style="list-style-type: none"> • Openness: to communicate, consult and provide information timely;
Managing for performance	<ul style="list-style-type: none"> • Excellence and timely service: to deliver high quality of service, • Leadership : to set the direction, • Expertise : to develop necessary skills and apply them in a professional manner; • Effectiveness : to achieve objectives, • Efficiency : to achieve value for money, • Propriety : to ensure proper use of public funds, • Teamwork and innovation, • Trust and care • Encouragement

PRINCIPLES	VALUES
Developing our culture of service	<ul style="list-style-type: none"> • Commitment : To give our best • Integrity : To be impartial and ethical • Courtesy : To treat others decently • Responsiveness : To react to problems or claims and changing circumstances,
Living within our means	<ul style="list-style-type: none"> • Foresight : To forecast and plan ahead within available resources; • Partnership: To complement other government entities and private sector;

b. Overall Goals of SGF

- 1) To compensate effectively and efficiently victims of accidents and damages as defined by the law
 - ✓ Improve claims management;
 - ✓ Manage litigations and matters in disputes;
 - ✓ Improve the investigation of claims;
 - ✓ Implement MSGH;
 - ✓ Build synergy with different stakeholders.
- 2) To develop a capable, efficient and responsive institution
 - ✓ Enhance transparency, efficiency and good service delivery;
 - ✓ Design an inclusive human resource management and development strategies;
 - ✓ Design mechanisms to facilitate management decision-making (Design results-based management and evidence-based decision making mechanisms);
 - ✓ Strengthen ICT;
 - ✓ Promote cooperation with national and international institutions operating in insurance sector.
- 3) To become a proactive institution
 - ✓ Set up a proactive insurance verification system;
 - ✓ Build road accidents prevention strategy;
 - ✓ Develop a fraud prevention strategy;
 - ✓ Educate and sensitize the public on SGF mission.
- 4) To ensure its financial sustainability
 - ✓ Optimize insurance premiums and audit regularly insurance premiums in insurance companies;
 - ✓ Productively invest reserves;
 - ✓ Recover SGF's money spent on accidents caused by 3rd party motor vehicles not covered by compulsory civil liability insurances;
 - ✓ Reinsure the Special Guarantee Fund.

II.1.3: Organization:**a. The source of funds:**

The property of SGF comes from the following sources:

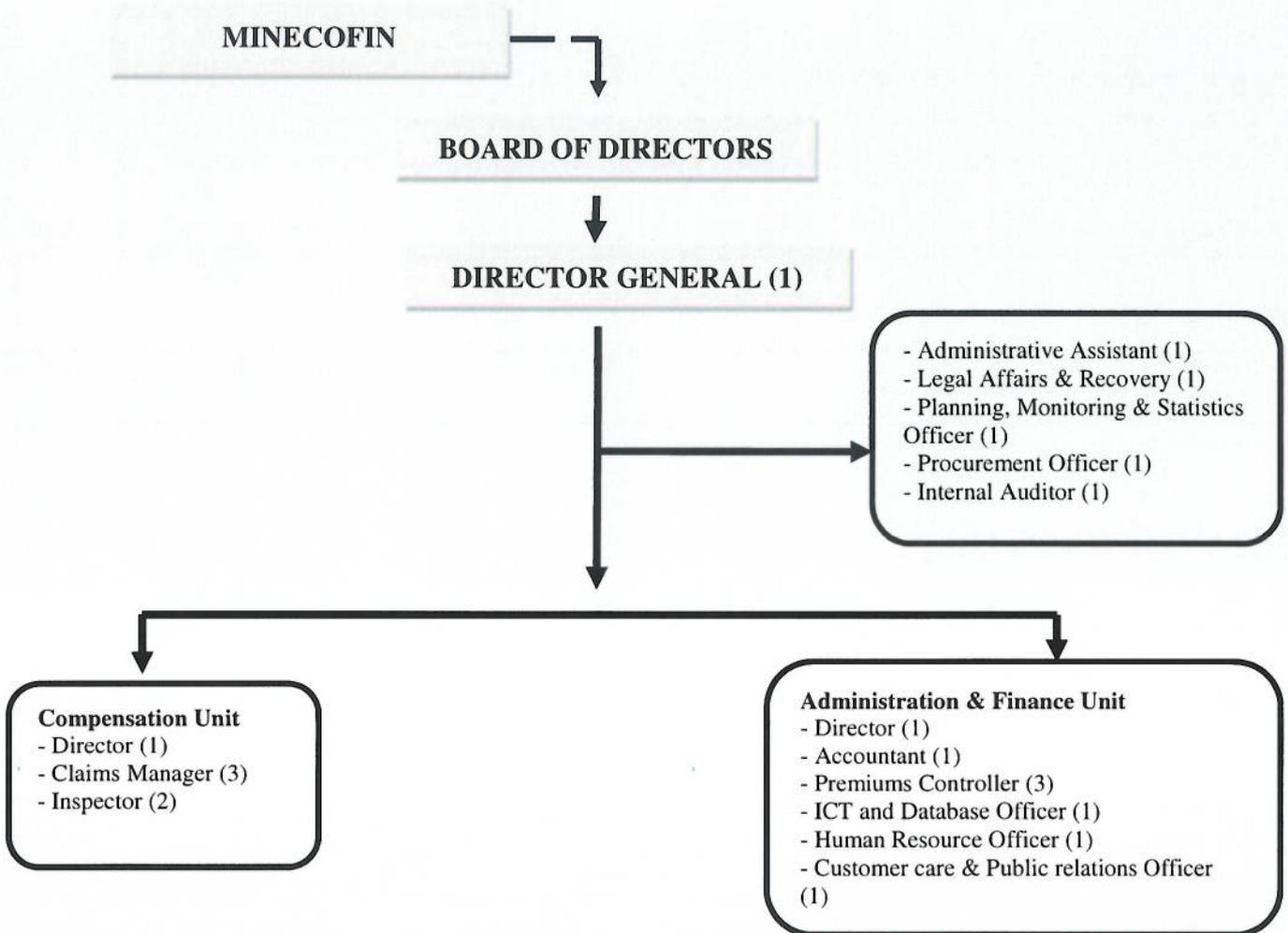
1. Ten per cent (10%) of insurance premiums for automobiles.
2. Five percent (5%) of gross annual income that the organ in charge of tourism gains from tourism activities.
3. Income generating activities, deposits in banks or in capital markets, and any other sources following a decision of the Board of Directors upon proposal by the head of the General Directorate;
4. Donations and bequests;
5. Loans granted to SGF upon approval by the Minister in charge of finance;
6. The state budget allocations, when deemed necessary.

b. Powers:

SGF has the power to:

1. Exercise control over insurance companies in relation to payment of insurance premiums for civil liability for motor vehicles;
2. Sell by public auction automobile which caused the accident if, after three months of notification, the owner fails to reimburse the money paid out by SGF. When the money from such a public auction is less than the amount to be recovered, SGF shall have the right to file the case in courts of law in order to obtain the remaining amount of money;
3. Sell by public auction the wreckage of an automobile for which compensation has been paid;
4. Request the insurance company of the automobile which caused the accident to reimburse medical expenses;
5. File a case in courts of law against any person responsible for damage or injury caused by an animal where after a month from the time of notification, he/she failed to reimburse the amount of compensation paid by SGF.

c. Current Organizational Structure



d. Current composition of SGF regulatory Board as of 30th June, 2018

Names	Photo	Board member profile
<p>KAMPAYANA AUGUSTIN, CHAIRPERSON OF BOARD</p>		<p>DIRECTOR OF RURAL SETTLEMENT, RWANDA HOUSING ATHORITY</p>
<p>MUKAKIMENYI VENERANDA, VICE CHAIRPERSON OF BOARD</p>		<p>INTERNAL AUDITOR, MINECOFIN</p>
<p>NKURUNZIZA MARK, BOARD MEMBER AND CHAIRMAN OF AUDIT COMMITTEE</p>		<p>CHIEF FINANCIAL OFFICER, RWANDA DEVELOPMENT BOARD (RDB)</p>
<p>DUSABE THÉOPHILE, BOARD MEMBER</p>		<p>MAINTENANCE PROGRAMMING SENIOR ENGINEER, RWANDA TRANSPORT DEVELOPMENT AGENCY (RTDA)</p>

Names	Photo	Board member profile
KARAKE DOREEN, BOARD MEMBER		DIRECTOR OF LEGAL AFFAIRS AND COMPANY SECRETARY, NGALI HOLDINGS LTD
CP. RUMANZI GEORGE, BOARD MEMBER		COMMISSIONER FOR OPERATIONS, RWANDA NATIONAL POLICE
MRS. KAREMERA CLAIRE, BOARD MEMBER		FUNDS MOBILIZATION MANAGER, BRD
Dr. NZABONIKUZA JOSEPH		SGF DIRECTOR GENERAL

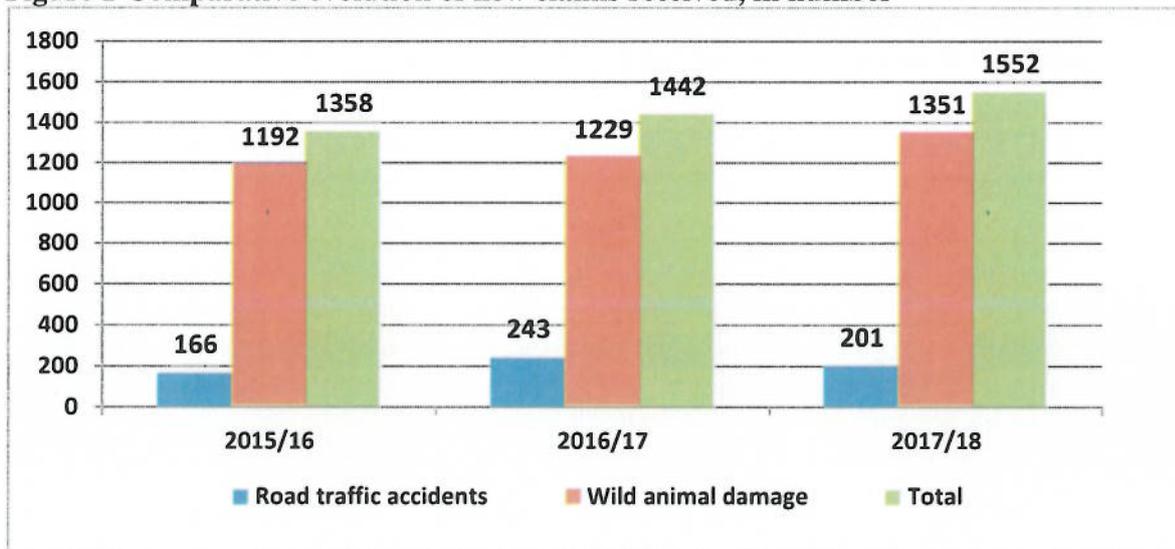
III. CLAIMS MANAGEMENT

Claims management constitutes the SGF core mandate which is to compensate victims of road traffic accidents and damages caused by wild animals. Claims management process includes claims reception and registration, eligibility analysis, investigation, provisioning, computation of compensation fees, transaction with claimants and payment.

III.1 NEW CLAIMS RECEIVED IN 2017-2018

During the year under review, a total number of 1,552 new claims have been received of which 1,351 were related to wild animals' damages and 201 to damages occurred in road traffic accidents. Compared to the year 2016-2017, the total number of new claims received increased by 5.9% where claims for wild animals' damages increased by 9% to offset a decline of 16.8% of claims related to road traffic accidents.

Figure 1 Comparative evolution of new claims received, in number



It is worth noting that the decline of new claims for road traffic accidents received in 2017/18 is partly explained by the introduction of speed governors on public transport buses that used to cause a big number of road accidents. For claims related to wild animals' damages, recorded significant increase in new claims received is explained by the population awareness about the SGF mission on one hand and on the other hand, the growing number of wild animals living in protected areas.

III.1.1 Road accidents' claims handling

In 2017-2018, 84 new claims representing 41.5% of the total new claims for road traffic accidents received have been reported as caused by non-identified automobiles, while 118 new claims

representing 58.4% of total new claims for road traffic accidents received have been reported as caused by uninsured automobiles. By type of damages, 162 new claims received were related to body injuries and death while 40 were related to property damages. On average, SGF received 17 new cases of claims related to road traffic accidents per month; that is a decrease of 16.8% compared to the year 2016-2017 where SGF received on average 20 new claims for road traffic accidents per month.

The table below shows that out of 87 new claims for road traffic accidents received in 2017/18 representing 43% of total new claims related to road accidents occurred in Kigali City. The Eastern Province comes in the second position with 35 new claims representing 17% of total claims related to road accidents followed by Southern Province with 34 new claims representing 17%, Northern Province with 23 new claims representing 11% recorded and Western Province with 20 new claims representing 10.0%.

Table 2 New claims for road traffic accidents received in 2017/18, in number

Place of accident	Claims related to body damage	Claims related to Property damage	Total per place of accident	% of total
KIGALI CITY	60	27	87	43
Gasabo	21	8	29	33
Nyarugenge	18	7	25	29
Kicukiro	21	12	33	38
SOUTHERN PROVINCE	31	3	34	17
Kamonyi	11	1	12	35
Huye	8	0	8	24
Nyamagabe	3	0	3	9
Muhanga	4	0	4	1
Ruhango	4	2	6	18
Gisagara	0	0	0	0
Nyaruguru	1	0	1	3
EASTERN PROVINCE	31	4	35	17
Rwamagana	2	1	3	9
Gatsibo	3	0	3	9
Bugesera	6	3	9	26
Kayonza	7	0	7	20
Ngoma	6	0	6	17
Nyagatare	7	0	7	20
NORTHERN PROVINCE	21	2	23	11
Gakenke	1	0	1	4
Gicumbi	8	0	8	35
Rulindo	7	1	8	35
Musanze	4	1	5	22

Burera	1	0	1	4
WESTERN PROVINCE	18	2	20	10
Rubavu	4	2	6	30
Karongi	2	0	2	10
Rusizi	9	0	9	45
Nyabihu	2	0	2	10
Ngororero	1	0	1	5
Overall	161	40	201	100

III.1.2 Wild animals' damages claims handling

In 2017-2018 SGF received 1351 claims related to wild animal's damages and all of them were settled. 1242 of them were paid while 109 appeared as fraudulent and were therefore rejected. The table 2 below shows detailed data on received claims with their respective settlement status. During the period under review 42% of total claims related to wild animals' damages came from Northern Province against 39% from Eastern province and 19% were from Western and Southern provinces.

On the financial side a big amount is paid to claims from Eastern Province where FRW 81.5 million were paid against FRW 49.3 million paid in Northern Province which representing respectively 52% and 31% of total amount paid for claims related to wild animals.

Table 2 New claims for wild animals' damages received and paid in 2017-2018

Province	District	Sector	Number of claims received	Number of claims rejected	Claims paid, in FRW		
					Number	Amount	Average per claim
NORTH	Musanze	Gataraga	42	2	43	5,265,646	122,457
		Shingiro	167	8	153	12,910,343	84,381
		Kinigi	249	8	268	16,796,610	62,674
		Nyange	86	13	87	11,420,053	131,265
		Musanze	1	1	2	194,224	97,112
	Burera	Cyuve	1	0	3	691,450	230,483
		Busogo	3	0	3	529,450	176,483
		Gahunga	17	0	19	1,357,695	71,458
		Rugarama	0	0	1	56,448	56,448
		Cyanika	14	1	1	55,546	55,546
	S/Total		580	33	580	49,277,465	84,961
			Kitabi	87	10	50	1,997,038
		Uwinkingi	3	4	26	1,095,372	42,130

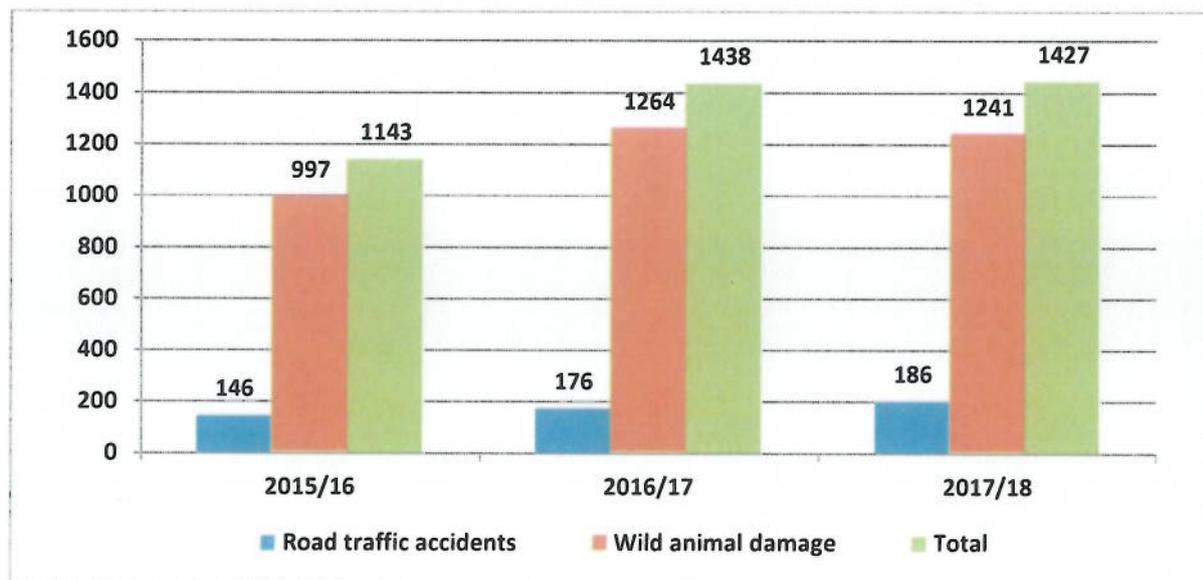
SOUTH	Nyamagabe	Gatare	1	0	3	840,873	280,291
		Nkomane	0	0	1	70,373	70,373
	Nyaruguru	Nyabimata	2	0	4	329,000	82,250
	Kamonyi	Rugalika	1	0	1	3,878,409	3,878,409
	S/Total		94	14	85	8,211,065	96,601
EAST	Nyagatare	Karangazi	26	2	31	8,094,719	261,120
		Rwimiyaga	0	0	22	1,412,470	64,203
		Gatunda	1	0	1	208,762	208,762
		Nyagatare	2	0	0	0	0
	Kayonza	Ndego	41	2	38	5,989,456	157,617
		Mwili	64	0	58	15,127,512	260,819
		Rwinkwavu	8	0	5	1,580,000	316,000
		Gahini	17	0	18	6,786,790	377,044
		Kabare	15	0	19	825,452	43,445
		Murundi	55	1	45	16,493,370	366,519
		Mukarange	2	0	2	920,000	460,000
	Gatsibo	Rwimbogo	50	7	29	2,875,973	99,171
		Kiramuruzi	5	0	5	4,565,399	913,080
	Bugesera	Ririma	40	1	10	904,799	90,480
		Gashora	45	0	5	44,733	8,947
		Juru	1	1	0	0	0
		Musenyi	0	1	0	0	0
	Kirehe	Mpanga	37	1	26	4,984,152	191,698
		Nyamugari	13	0	2	144,802	72,401
		Nasho	65	5	60	5,624,681	93,745
		Gahara	1	0	1	2,569,571	2,569,571
		Mahama	10	0	2	192,986	96,493
	Ngoma	Rukumberi	15	0	16	2,136,924	133,558
Rurenge		14	0	0	0	0	
S/Total		527	21	395	81,482,551	206,285	
WEST	Karongi	Twumba	30	8	25	987,716	39,509
		Mutuntu	0	0	1	55,650	55,650
	Rutsiro	Nyabirasi	1	0	0	0	0
	Nyabihu	Kabatwa	8	0	9	1,288,680	143,187
		Jenda	11	0	7	713,896	101,985
		Rangiro	0	0	10	483,238	48,324
	Nyamasheke	Mahembe	7	2	21	1,597,269	76,060
Ruharambuga		2	0	1	129,063	129,063	

		Bushekeri	2	0	3	341,205	113,735
		Karengera	5	3	5	92,228	18,446
	Rubavu	Bugeshi	31	0	44	1,358,653	30,878
		Cyanzarwe	19	1	18	2,856,037	158,669
		Busasamana	28	0	35	1,792,041	51,201
	Rusizi	Bweyeye	1	0	1	906,800	906,800
		Nkungu	3	0	0	0	0
	S/Total		148	14	180	12,602,476	70,014
CITY OF KIGALI	Nyarugenge	Mageragere	2	0	1	3,015,433	3,015,433
	S/Total		2	0	1	3,015,433	3,015,433
Total General			1351	82	1241	154,588,990	124,568

III.2 CLAIMS SETTLEMENT

During the financial year under review, on one hand a total number of 1,427 claims have been effectively compensated of which 1,241 related to wild animals' damages and 186 claims to road accidents claims. Compared to the year 2016-2017, the total number of claims compensated decreased by 0.7% where claims compensated for wild animals' damages decreased by 1.8% and claims for damages caused by road traffic accidents increased by 6.8%. On the other hand, a total number of 129 Claims have been repudiated of which 82 claims related to wild animals' damages and 47 claims related to road traffic accidents.

Figure 2: Comparative evolution of claims compensated, in number



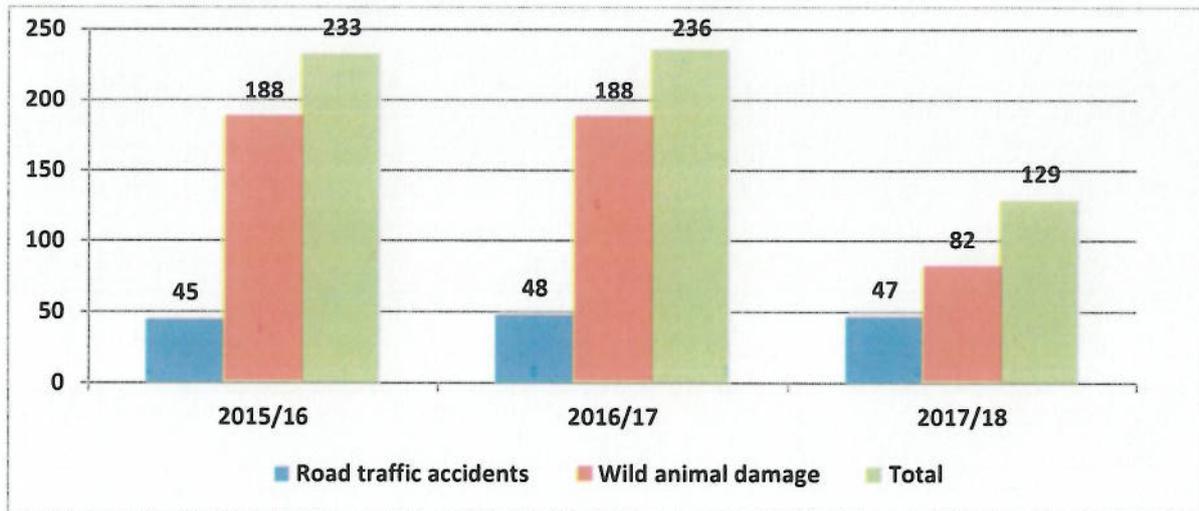
The figure 2 above shows that in the last two financial years, the total number of claims compensated grew by +25.8% and +0.55% respectively. By disaggregating by type, claims related to road traffic accidents grew by 20.5% and +15.9% respectively whereas claims related to wild animals' damages grew by +26.8% in 2016-2017 followed by a decline of 1.74% recorded in 2017-2018.

In 2017-2018 financial year, 201 claims related to road accidents were reported to SGF but 186 claims were paid as there were a number of claims that were pending by end 2016-2017. As shown in the table 3 below 85% of claims compensated was related to corporal damages (injury and death) and 15% remaining represent the compensation of claims related to property damage.

Table 3 Claims for road traffic accidents compensated in 2017/18, in Millions of FRW

Types	Damage		Vehicles responsible of accident		Total	% of total
			Non identified	Non insured		
Claims reported	Corporal	Number	71	91	162	81
		Provision	274,080,113	328,031,043	602,111,156	77
	Property	Number	15	24	39	19
		Provision	23,298,898	153,023,182	176,322,080	23
	Total	Number	86	115	201	100
		Provision	297,379,011	481,054,225	778,433,236	100
Claims paid	Corporal	Number	84	72	156	85
		Provision	357,378,280	254,245,078	611,623,358	96
		Paid	373,180,161	260,958,016	634,138,177	95
	Property	Number	15	15	30	15
		Provision	10,157,669	19,548,717	29,706,386	4
		Paid	8,736,985	17,855,545	26,592,530	5
	Total	Number	99	87	186	100
		Provision	367,535,949	273,793,795	641,329,744	100
		Paid	381,917,146	278,813,561	660,730,707	100

With regard to repudiated claims mainly due to delays in claims declaration and fraudulent cases, the number significantly dropped in general in 2017-2018 compared to the previous 2 years, driven by claims related to wild animals damages that declined by 56.4% while cases of claims related to road accidents remained quite at the same level as shown by the figure below.

Figure 3 Comparative evolution of claims repudiated, in number

It is worth noting that the decline of repudiated claims related to wild animals damages is a result of enhanced collaboration with local authorities to help victims complying with declaration deadlines and fighting against fraud.

Table 4: Claims for road traffic accidents repudiated in 2017/18

Damage		Vehicles responsible of accident		Total	% of total
		Non identified	Non insured		
Corporal	Number	28	9	37	79
	Provision	76,112,543	20,311,053	96,423,596	73
Property	Number	7	3	10	21
	Provision	29,443,276	5,604,746	35,048,022	27
Total	Number	35	12	47	100
	Provision	105,555,819	25,915,799	131,471,618	100

From the table 4 above, out of 47 claims repudiated 37 claims which represent 79% were related to corporal damages and other 10 representing 21% are related to property damage.

Concerning cases of repudiated claims related to wild animals' damages as shown in table 5 below 51.2% (12 claims) of were originating from Northern Province followed by Southern Province with 30.6% of total rejected claims and Eastern with 12.2% of cases.

Table 5: Claims for wild animals' damages repudiated in 2017-2018

PROVINCE	Number of claims	Provisions, in FRW	% of Total
NORTHERN	33	935,600	51.2
SOUTHERN	14	560,000	30.6
WESTERN	14	108,426	5.9
EASTERN	21	223,881	12.2
TOTAL	82	1,827,907	100.0

IV. CORPORATE AND SOCIAL RESPONSIBILITY AND AWARENESS

IV.1 ROAD TRAFFIC ACCIDENTS PREVENTION CAMPAIGN

As it is part of its mission to take part in accidents prevention activities, SGF participated jointly with the Rwanda National Police in road safety week for the year 2018. SGF was represented throughout this campaign and it was an important opportunity to raise public awareness on road accident preventions as well as SGF mission and activities. SGF Financial support has been also provided to make possible road accident prevention activities organized by stakeholders.

IV.2 MEETING WITH STAKEHOLDERS

In May-June 2018, SGF organized an annual meeting with local leaders in 16 districts neighboring all national parks and other protected areas. In total 54 local committees at cells' level were met to discuss the achievements in the process of compensating victims of wild animals' damages, challenges faced and the way forward. Participants comprised of cells' Executive Secretaries, agronomists and veterinaries, representatives of National Police and RDB have been also trained on guidelines for reporting claims and on newly developed On-line claims declaration System.

Picture 1: Meeting with Local leaders in May-June 2018



IV.3 SPONSORSHIP OF SOCIAL EVENTS

This year under review, SGF sponsored volleyball tournaments in a bid to raise public awareness on SGF mission, activities as well as road accidents prevention.

Picture 2 Sponsorship of Volleyball tournaments



IV.4 KWIBUKA 24

SGF staff visited MURAMBI memorial site to mark the 24th commemoration anniversary of the genocide against the Tutsi. At this occasion, SGF gave financial support to IBUKA to repair houses of the needy genocide survivors selected by local authorities in Nyamagabe district, Gasaka sector.

Picture 3&4: SGF staff at Murambi Genocide Memorial site



IV.5 AWARDING THE BEST EMPLOYEE PERFORMER

Mr. NSENGIYUMVA Emmanuel, Inspector at Compensation Unit was selected as the best performer of the year 2017/18 and was awarded on 1st May 2018 (international Labor Day) at Nobleza Hotel.

Picture 4 Best performer of the year 2017/2018



V. OVERVIEW ON ACHIEVEMENTS AGAINST SGF 2017/2018 IMIHIGO

Key SGF activities that have been conducted throughout the period from the 1st July 2017 up to 22nd June 2018 were in line with concluded performance contracts with MINECOFIN, the line Ministry. The aim of all activities has been to achieve the SGF's core mission of compensating victims of road accidents and wild animal damages all other activities have been performed to support the core mission, directly or indirectly, in short or longer terms.

Over the year under review, out of 7 Board of Directors' performance contracts, 3 have been well achieved at an excellent level and 4 have been achieved in the range of good and very good level.

With regards to detailed implementation of SGF business plan by units, out of 58 planned performance targets, 32 (55.2%) were achieved at excellent level, 20 (34.5%) achieved at good and very good levels, while 6 (10.3%) were not achieved mainly due to their cancelation following unexpected challenges.

II. THE SCORING APPROACH USED FOR ACTION PLAN EVALUATION- (MINECOFIN GUIDELINES)

GREEN COLOR: ACHIEVED – *at least 90%* of the target has been achieved. This indicates that the activity has been completed at an excellent level.

YELLOW COLOR: PARTIALLY ACHIEVED – When the result is *between 50% and 89%* of the target. This indicates that the target is not achieved, but the achievement level has been in the range of good and very good.

RED COLOR: NOT ACHIEVED – When the achievement is *less than 50%* of the target. This indicates that the objective is not achieved due to internal or exogenous factors.

Table 6: Implementation status of 2017-2018 SGF Imihigo

No	Targets for 2017/18	Performance indicators	Achievements by 30th June 2018	% of achievements against targets	Challenges	Way forward
1	100% of received claims and fulfilling all requirements settled within timeframe provided by the SGF law and compensation paid within 30 days	% of claims settled within timeframe	1438 new claims received before end May 2018 and fulfilling requirements have been settled within the timeframe out of a total of 1465 claims received by end May 2018.	98.1%	An increasing number of claims requiring a lot of work within required timeframe which make difficult their management with limited staff number.	1. To Put in place appropriate prevention strategies in partnership with key stakeholders; 2. Revision of SGF structure towards optimum staffing and organization.
2	Increase in investment revenues to be achieved by end June 2018 to reach FRW 176.8 Millions	Increased revenues from SGF funds investment	FRW 167.1 Million reached against FRW 176.8 Million targeted by end June 2018.	94.5%	Some investments haven't been made due to delayed cash inflows, lower-than-expected interest rates on T-bills and higher-than-expected claims compensation cost.	1. To engage stakeholders to improve cash inflows timing. 2. Prevention measures to fight frauds and uninsured vehicles; 3. Increasing recovery capacity.
3	Financial statements audited and unqualified audit report for 2016/17 obtained	Unqualified audit report	SGF obtained an Unqualified audit opinion for its 2016-2017 Financial Statements in the audit conducted by GPO Partners	100%	Despite a good opinion, the preparation of financial statements is always done in serious constraint of insufficient staffing of financial unit.	1. Revision of SGF structure towards optimum staffing and organization; 2. To keep on complying with financial management standards and principles

4	SGF amended law and related Ministerial order and implementation strategy drafted and available by end June 2018.	Availability of draft SGF amended law, Ministerial order and implementation strategy.	The draft of SGF amended law is at MINECOFIN, pending submission to Cabinet for approval. Implementing Ministerial orders are under review at technical level.	80%	The process has been delayed pending the approval of organic law for specialized organs where would belong SGF among few other institutions.	1. To speed up and finalize the review of implementing ministerial orders; 2. To follow up with MINECOFIN and finalize the process of SGF law review.
5	One investment project in affordable houses started, with an initial investment of FRW 300 Million	Number of investment projects in affordable houses started	The plot is identified in collaboration with MUSANZE District authorities and negotiation with potential constructor started for financial proposal .	70%	Liquidity management in a constraining context of uncertainty of cash inflows and increasing compensation cost.	1. To speed up the negotiation with the Constructor to finalize the project financial valuation and agreed on the financing arrangement; 2. To consider the alternative of a more cost-effective investment in case affordable housing project appears financially non profitable.
6	100% of audit recommendations implemented over total recommendations	% of audit recommendations implemented	8 of audit recommendations are fully implemented, 8 are partially implemented out of 16 in total.	85%	Few issues still being addressed by the claims management and accounting automated system	To quickly fix pending issues through the automated claims management and accounting system.

7	<p>Increase of recovered money that SGF spent on accidents caused by uninsured motor vehicles responsible for accidents (From FRW 12.2 Million achieved in 2017/18 to FRW 22 Million by end June 2018).</p>	<p>Amount of money recovered</p>	<p>FRW 8.9 Million recovered out of FRW 22 Million targeted by end June 2018.</p>	<p>40%</p>	<p>Challenging location and insolvency for a big number of debtors and limited internal recovery capacity.</p>	<ol style="list-style-type: none"> 1. Improving internal recovery capacity internal by recruiting 2 staff assigned to this task; 2. Expedite auctioning seized non-insured vehicles that caused accidents; 3. Prosecute unwilling debtors before courts of law.
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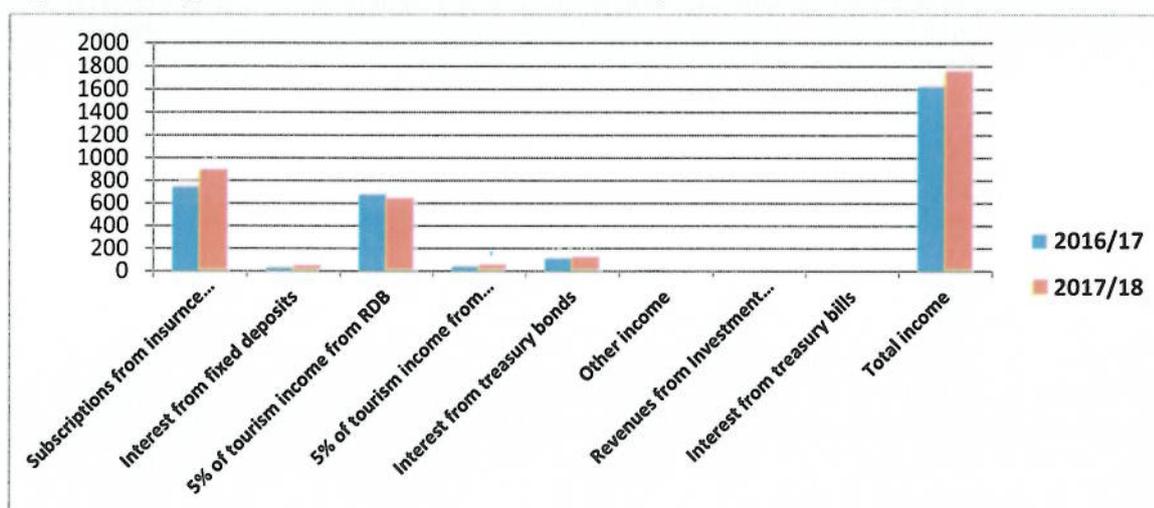
VI. FINANCIAL PERFORMANCE REVIEW

This section concerns revenues and expenditures during the financial year under review. It focuses on the major source of SGF revenues including tourism revenues, subscription from insurance companies and investment revenues as well as some of the most important SGF expenditures including claims compensation payments and capital expenditures.

VI.1 REVENUES

SGF revenues have been increased by 7.7% from FRW 1,624 Million in 2016/17 to FRW 1,749 Million in 2017/18. This is the result of increment of ASSAR tariffs where the insurance rate has been increased by 60% from January 2018. Revenues originating from insurance Premiums were increased by 19.2% from FRW744.76 Million in the previous year to FRW 888.45 Million in 2017/18.

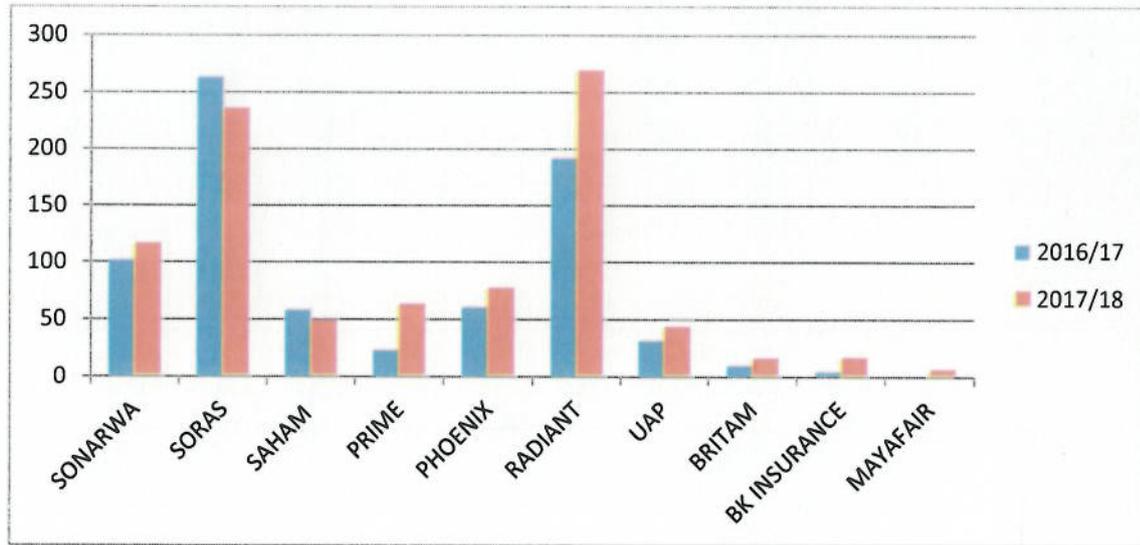
Figure 4 Comparative evolution of SGF revenues, in Millions of FRW



VI.1.1 Subscriptions from insurance companies

During the FY 2017/2018, collected premiums revenues by insurance companies for SGF increased by 12.2% from FRW 744.7 Million in the previous year to FRW 888.4 Million in 2017/18 as mentioned above. This increase is mainly attributed to premiums collected by BRITAM, RADIANT, UAP and PHOENIX which increased by 56.2%, 39.7%, 36%, and 27% respectively as depicted on the figure below. However, a decline in premium revenues of 16.1% and 10.6 % was observed for SORAS and SAHAM respectively. It is worth mentioning that during the year under review, a new insurance company, MAYFAIR insurance, was created.

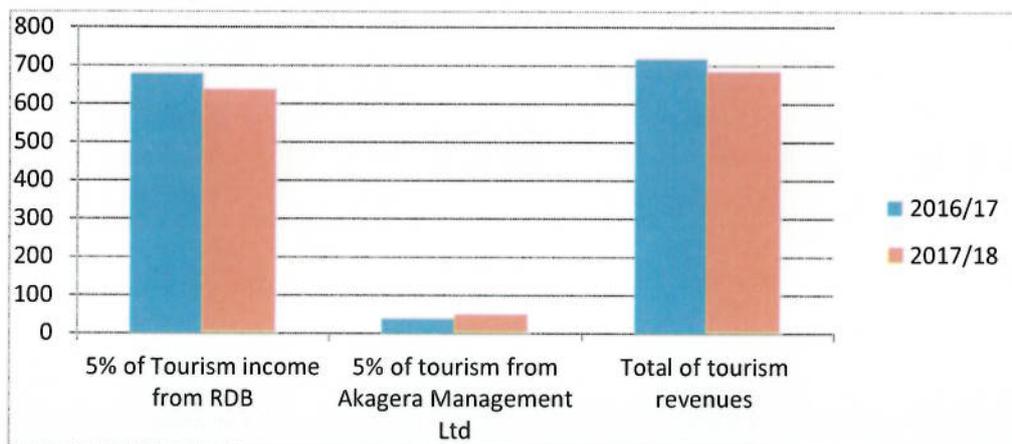
Figure 5 Comparative evolution of premiums revenues, in Millions of FRW



VI.1.2 Tourism revenues

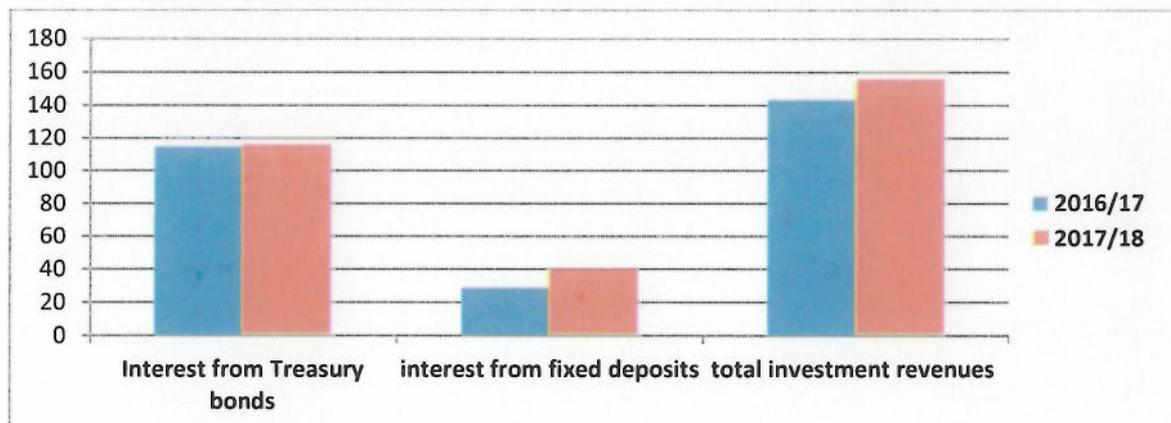
During the year 2017/18 tourism there is a variation of revenues where revenues from RDB decreased by 6.5% compared to the previous year of 2016/2017 and revenues from Akagera Management Company increased by 22.6% compared to the previous year.

Figure 6 Comparative evolution of tourism revenues, in Millions of FRW



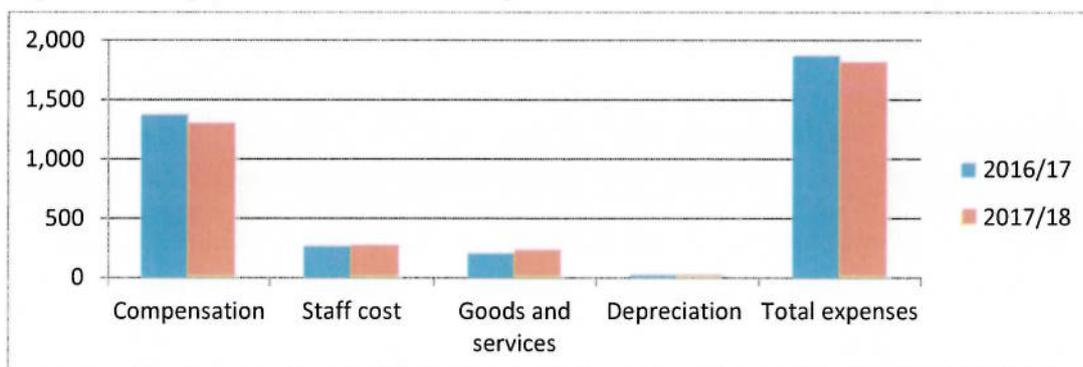
VI.1.3 Investment revenues

During 2017/18 the SGF investment revenues have been increased by 8.2% from FRW 143.16 Million in 2016/17 to FRW 154.16 Million in 2017/18, this resulted from the increase of 38.4% in interest from fixed deposits from FRW 28.6 Million in the previous year to 39.7 in 2017/18.

Figure 7 Comparative evolution of investment revenues, in Millions of FRW

VI.2 EXPENDITURES

During 2017/18 SGF expenditures were decreased by 2.1% from FRW 1,872 million in 2016/17 to FRW 1,832 million in 2017/18. This decrease is caused by the reduction was attributed to lower compensation cost and staff costs because of some employees who resigned and were not immediately replaced hence the reduction in salary and other benefits. On claims compensation cost, there was a reduction by 5.8% from FRW 1,375 million in 2016/17 to FRW 1,295 million in 2017/18.

Figure 8 Comparative evolution of expenditures, in Millions of FRW

VI.3 NET RESULT

The net result of 2017-2018 financial year has been a deficit of FRW 82,8 million, a significant improvement compared to a deficit of FRW 247,6 million recorded in 2016-2017. This deficit led to reduction in previous years accumulated surplus from FRW 1,118 to FRW 870,7 million by end June 2018. The following audited Financial Statements provide details on SGF financial performance in 2017-2018.

GPO Partners

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SPECIAL GUARANTEE FUND

**FINANCIAL STATEMENTS
AND AUDIT REPORT**

**FOR THE YEAR ENDED
30TH JUNE 2018**

GPO Partners Rwanda Ltd
KG 7 Ave. - Aurore Building - Kacyiru
P.O. Box 1902 - Kigali - Rwanda
Company Code / V.A.T. : 100161492
Audit - Accounting - Tax - Consulting

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**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CORPORATE INFORMATION

Directors

Mr. KAMPAYANA Augustin	Chairperson
Mrs. MUKAKIMENYI Veneranda	Vice Chairperson
Mr. NKURUNZIZA Mark	Member
Mrs. KAREMERA UWIMANA Claire	Member
Mrs GAHONGAYIRE KARAKE Doreen	Member
Mr. DUSABE Théophile	Member
CP. RUMANZI George	Member

Senior Management Functions

Dr. NZABONIKUZA Joseph	Director General
BUKURU Joseph	Director, Administration and Finance Unit
NIBAKURE Florence	Director, Compensation Unit
KAZENEZA Blandine	Officer, Planning, Monitoring & Statistics
REKAMUHINKA Jeanne D'Arc	Officer, Legal advisor & Recovery

Registered Office

Special Guarantee Fund
P.O Box 7359
Kigali-Rwanda

Auditors

GPO PARTNERS RWANDA LTD
KG 7Ave,
Aurore Building- Kacyiru
PO Box 1902
Kigali, Rwanda

Bankers

National Bank of Rwanda
BANK of Kigali
G.T BANK
COGEBANQUE
Banque Populaire du Rwanda
ECOBANK
I&M BANK Ltd
KCB Rwanda Ltd
Agaseke Bank
AB BANK Ltd

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 June 2018.

MISSION

The Special Guarantee Fund (SGF) is a public financial institution affiliated to the Ministry of Finance and Economic Planning and supervised by the National Bank of Rwanda. It is governed by the Board of Directors with decision making role and competency to approve the institution's general policy, budget and annual accounts, activities report, internal rules and regulations, administrative, accounting, budgeting and financial procedures for an efficient and transparent management. The daily Management is led by the Director General who represents the institution in its activities with partners and customers.

The SGF has the following missions:

1. To compensate victims of road accidents caused by an automobile when:
 - a) the automobile is not identified;
 - b) the civil liability is not covered by compulsory civil liability insurance for motor vehicles;
 - c) the automobile was stolen or taken away from its owner or driver or from any other person that has the right over the automobile;
2. To compensate victims of damages caused by wild animals;
3. To help in covering medical expenses for people injured or incapacitated by accidents caused by automobiles or animals while waiting for the person responsible for civil liability to be identified;
4. To collect comprehensive data on insurance for automobiles through insurance companies, Rwanda Revenue Authority and other institutions, in order to know which automobiles are not insured so that, in collaboration with police organs, they can be removed from road traffic;
5. To participate in accident prevention activities;
6. To take part in activities meant to assist and advise the victims of the accidents mentioned in sub-paragraphs 1^o and 2^o when they claim compensation and thereafter

DIRECTORS

The membership of the Board of Directors and Management during the year ended 30th June 2018 is set out on page 3.

AUDITORS

The term of the SGF's current auditor, GPO Partners Rwanda ltd, has come to an end in accordance with law No 7/2009 relating to companies. SGF is in the process of appointing another auditor.

BY ORDER OF THE BOARD OF DIRECTORS

Kigali, 04/10/2018




SPECIAL GUARANTEE FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The law N° 52/2011 of 14/12/2011 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of the operating results of that year. It also requires the directors to ensure the Organisation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation. They are also responsible for safeguarding the assets of the society.

The directors accept 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 and in the manner required by the law. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Organisation will not remain a going concern for at least the next twelve months from the date of this statement.

Dr. Joseph Nzabonkuzo

Director



INDEPENDENT AUDITOR'S REPORT

To the Management of Special Guarantee Fund

Report on Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Special Guarantee Fund** which comprise the Statement of financial position as at 30th June, 2018, the statement of income and expenditure for the period from 1st July 2017 to 30th June 2018, and the statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the audited Financial Statements give a true and fair view of the financial position of Special Guarantee Fund as at 30th June 2018 and of its financial performance and its cash flows for the year then ended in accordance with organic law N° 52/2011 of 14/12/2011.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements (*in jurisdiction*), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of the financial statements, Management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are all required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify through our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independent, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For GPO PARTNERS RWANDA LTD



Patrick GASHAGAZA
Partner

Patrick Gashagaza
...../2018

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

I. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30th JUNE 2018

	Notes	12 Months to 06/30/2018 <u>Frw</u>	12 Months to 06/30/2017 <u>Frw</u>
Income			
Subscriptions from insurance companies	3	888,456,853	744,763,941
Interest from fixed deposits		40,517,945	28,687,193
5% of Tourism income	4	634,855,895	679,176,393
5% of Tourism income from Akagera Management ltd		47,768,643	38,945,124
Interest from treasury bonds		115,260,000	114,472,488
Other Income	5	22,462,440	18,348,615
Total Income		<u>1,749,321,776</u>	<u>1,624,393,754</u>
Expenditure			
Compensation	6	1,321,028,681	1,375,332,789
Staff costs	7	264,832,070	265,238,157
Goods and services	8	226,131,342	205,843,170
Depreciation	9	20,121,052	25,559,422
Total expenses		<u>1,832,113,145</u>	<u>1,871,973,538</u>
Surplus for the period		<u>(82,791,369)</u>	<u>(247,579,784)</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

II. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2018

	Notes	12 Months to 06/30/2018 <u>Frw</u>	12 Months to 06/30/2017 <u>Frw</u>
ASSETS			
Non-Current assets			
Property, Plant and Equipments	9	145,024,082	106,053,200
Treasury bonds	10	916,414,640	916,414,640
ITERAMBERE FUND investment		55,743,591	32,055,000
Investment in HORIZON GROUP		89,000,000	-
		<u>1,206,182,313</u>	<u>1,054,522,840</u>
Current assets			
Cash and cash equivalents	11	824,167,435	566,732,254
Trade and other receivables	12	1,507,146,367	1,229,191,699
		<u>2,331,313,801</u>	<u>1,795,923,953</u>
TOTAL ASSETS		<u>3,537,496,114</u>	<u>2,850,446,793</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Government of Rwanda	13	43,266,248	43,266,248
Prior year adjustment	14	964,439,467	883,730,589
Accumulated surplus		870,692,225	1,118,272,009
Retained earnings-surplus		-82,791,369	-247,579,784
S/Total capital and reserves		<u>1,795,606,571</u>	<u>1,797,689,062</u>
Current liabilities			
Payables	15	48,424,033	21,376,449
Provisions	16	1,693,465,510	1,031,381,282
		<u>1,741,889,543</u>	<u>1,052,757,731</u>
Total Equity and liabilities		<u>3,537,496,114</u>	<u>2,850,446,793</u>

The Financial Statements on pages 9 to 22 were approved by the Board of Directors on 27/09/2018 and were signed on its behalf by:

Board Chairman : *Arthur Nshimiyimana*

Director General: *Dr. Joseph Ntabonkuru*



**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

III. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2018

	Share capital <u>Frw</u>	Retained earnings <u>Frw</u>	Total <u>Frw</u>
At 1 July 2016	43,266,248	1,407,251,940	1,450,518,188
Prior year adjustment	-	594,750,658	594,750,658
Surplus for the year	-	-247,579,784	-247,579,784
At 30 June 2017	<u>43,266,248</u>	<u>1,754,422,814</u>	<u>1,797,689,062</u>
At 1 July 2017	43,266,248	1,754,422,814	1,797,689,062
Prior year adjustment	-	80,708,878	80,708,878
Surplus for the year	-	-82,791,369	-82,791,369
At 30 June 2018	<u>43,266,248</u>	<u>1,752,340,323</u>	<u>1,795,606,571</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

IV. STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30th JUNE 2018

	12 Months to 06/30/2018 <u>Frw</u>	12 Months to 06/30/2017 <u>Frw</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (deficit) for the year	(82,791,369)	(247,579,784)
Adjustment for:		
Depreciation	20,121,052	25,559,422
Prior year adjustment	80,708,878	594,750,658
Profit before working capital changes	18,038,561	372,730,296
Decrease/ (Increase) in receivables	(277,954,668)	26,222,249
Increase (Decrease) in payables	689,131,812	(157,943,558)
Net cash used in/from operating activities	<u>429,215,705</u>	<u>241,008,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(59,091,934)	(12,392,573)
Investment in ITERAMBERE FUND	(23,688,591)	(32,055,000)
Investment in HORIZON GROUP	(89,000,000)	-
Net cash used in investing activities	<u>(171,780,525)</u>	<u>(44,447,573)</u>
Net movement in cash and cash equivalents	257,435,180	196,561,413
Balance at beginning of the year	<u>566,732,255</u>	<u>370,170,842</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE 2018	<u>824,167,435</u>	<u>566,732,255</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

The Automobile Guarantee Fund (AGF) was established in 1975 by decree N°32/75 of 7/08/1975, with a mission of compensating victims of road accidents:

- When the vehicle is unidentified (hit and run);
- When the civil responsibility is not covered by any insurance;
- When the vehicle is stolen or taken by violence.

By Presidential order N° 175/05 of 7/08/1975, SONARWA was assigned the management of the AGF. The management of the fund however changed with the introduction of law N°04/2002 of 19/01/2002 which established the AGF as a legal entity with financial autonomy.

In 2011, the Government reformed the AGF and established the Special Guarantee Fund to compensate victims of Accidents and Damages Caused by Automobiles and Wild Animals. To this end, the Law N° 52/2011 of 14/12/2011 was enacted and published in the official gazette.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements have been prepared in accordance with the accrual basis of accounting. This implies that all revenues are recognized (recorded) when earned, and expenses are recognised when incurred.

b) Revenue recognition

Revenue is recognized when earned. Revenues include payment from insurance companies, 5% of tourism income, interest from fixed deposit accounts, interests from treasury Bills, engagement from accident caused by non-insured cars and paid by the Special Guarantee Fund and revenue from documents related to different open tenders published by special Guarantee Fund.

c) Property and equipment

All property and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation on other property, plant and equipment is calculated on a straight-line basis to write down the costs of each asset to its residual value over estimated useful life.

In previous periods depreciation was being computed using the following annual rates:

<u>Class</u>	<u>Rate %</u>
Furniture and fittings	25
Office equipment	25
Computers, faxes and copiers	50

Since the financial year ended 30 June 2017 depreciation rates have changed as follows in line with section 7.8.4 of SGF policies and procedures manual.

<u>Class</u>	<u>Rate %</u>
Furniture and fittings	10-20
Equipment	25
Intangibles	5
Motor vehicles	15
Library	20
Computers & notebooks	33.33
Other ICT equipment & accessories	33.33
Network Infrastructure	10
Servers	10
Long Term IT Assets (Core Systems)	5

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Rwandese Francs (functional currency) at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Rwandese Francs at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

e) Receivables

Receivables are amounts due from insurers or persons responsible for the accidents against which SGF made payments to the victims. They also include premium subscriptions due from insurance premiums at the period end while other receivables represent advances to staff and interest receivables on T-bonds.

Receivables are recognised initially at fair value of the consideration paid to claimants and subsequently measured at cost less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that SGF will not be able to collect all the amounts due or when the timing of the receipts is expected to be significantly altered. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Revenue and expenditure.

f) Provisions

Provisions are recognised when: the organisation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

g) Tax

The Special Guarantee Fund as a government entity established through an organic law is not subject to corporation tax on any surplus earned during the period.

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

3 Subscription from insurance companies

	12 Months 30/06/2018 <u>Frw</u>	12 Months 30/06/2017 <u>Frw</u>
SONARWA	115,575,208	101,288,291
SORAS	235,183,130	263,187,567
CORAR	48,698,379	58,020,066
PRIME	62,649,719	23,297,465
PHOENIX	76,851,334	60,465,844
RADIANT	268,393,957	192,145,069
UAP	43,062,454	31,600,042
BRITAM	15,685,298	10,044,282
BK INSURANCE	6,165,387	4,715,315
	<u>888,456,853</u>	<u>744,763,941</u>

4 Revenues from tourism activities

Accrued revenue from RDB for year 2017-2018	<u>634,855,895</u>	<u>679,176,393</u>
	<u>634,855,895</u>	<u>679,176,393</u>

5 Other income

Recovered from owners of uninsured vehicles	8,959,639	12,030,127
Penalty on delay of supply	31,318	22,338
Inflows from sale of tender documents	185,000	195,000
Gain on fixed asset	8,309	-
Interest from treasury bill	5,628,272	4,046,150
Revenue from investment trust	3,688,591	2,055,000
Interest from Horizon group	3,961,311	-
	<u>22,462,440</u>	<u>18,348,615</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

6 Compensation costs

	12 Months 30/06/2018	12 Months 30/06/2017
	<u>Frw</u>	<u>FRW</u>
Compensation due to automobiles' damages	1,077,311,919	1,206,851,916
Compensation due to wild animals' damages	212,539,810	160,142,393
MSGH expenses	31,176,952	8,338,480
	<u>1,321,028,681</u>	<u>1,375,332,789</u>

7 Staff costs

Salaries	140,258,184	139,417,500
Transport allowances	15,175,526	15,157,963
Housing allowances	19,934,390	19,916,827
Other benefits	16,556,261	20,615,279
Employer contribution to RSSB	8,863,786	9,106,053
Health insurance	10,465,605	10,546,135
Contractual staff	22,631,941	20,436,205
Lump sum payments	21,539,976	21,539,976
Beverages, tea and coffee	6,936,405	6,032,220
Team building and sports	2,469,996	2,469,999
	<u>264,832,070</u>	<u>265,238,157</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

8 Goods and services

	12 Months 30/06/2018	12 Months 30/06/2017
	<u>Frw</u>	<u>Frw</u>
Rent	52,665,600	52,665,600
Advertising	2,119,280	3,649,858
Local travel	43,315,454	32,493,690
Legal Fees	386,110	389,890
Meeting Costs	7,442,066	11,615,817
Domestic Per diem	20,246,001	16,324,266
Fax & telephone	9,134,298	8,734,964
Consultancy	8,082,482	5,947,648
Stationery	11,953,425	8,426,150
Frais d'adhesion/membership fees	-	5,000,000
Internet Costs	5,373,176	5,321,319
Water & electricity	2,800,000	2,400,000
Domestic entertainment	250,900	-
Bank Charges	235,465	344,151
Journals & newspapers	390,115	253,400
Other expenses	1,955,394	1,716,000
ICT Equipment	224,029	210,500
Official	849,388	879,194
Insurance	625,889	487,054
Maintenance	4,491,371	4,821,116
Postage	80,800	179,610
Technical assistance remuneration	1,201,058	232,710
Withholding tax on term deposit	13,238,128	10,512,640
Equipment spare parts	1,873,317	4,306,334
Sponsorship	11,000,000	8,000,000
Capacity building	948,900	5,320,000
External buck up	320,810	288,729
Public relations and awareness	8,507,600	472,500
Promotion materials	250,000	576,960
Social responsibilities and membership fees	11,170,286	3,195,190
Road accident and other damages prevention	5,000,000	10,250,700
Codification fee of fixed assets	-	827,180
	<u>226,131,342</u>	<u>205,843,170</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

9 Property Plant and Equipment

	Fittings	Computers	Total
	<u>Frw</u>	<u>Frw</u>	<u>Frw</u>
COST			
At 1 July 2016	42,939,378	134,024,554	176,963,932
Additions	7,019,286	5,373,287	12,392,573
AT 30 JUNE 2017	<u>49,958,664</u>	<u>139,397,841</u>	<u>189,356,505</u>
At 1 July 2017	49,958,664	139,397,841	189,356,505
Additions	9,060,000	50,031,934	59,091,934
AT 30 JUNE 2018	<u>59,018,664</u>	<u>189,429,775</u>	<u>248,448,439</u>
DEPRECIATION			
At 1 July 2016	-20,560,839	-37,183,044	-57,743,883
Charge for the year	-17,242,037	-8,317,385	-25,559,422
AT 30 June 2017	<u>-37,802,876</u>	<u>-45,500,429</u>	<u>-83,303,305</u>
At 1 July 2017	-37,802,876	-45,500,429	-83,303,305
charge fo the year	-7,614,016	-12,507,036	-20,121,052
AT 30 JUNE 2018	<u>-35,976,276</u>	<u>-67,448,081</u>	<u>-103,424,357</u>
NBV At 30 June 2017	<u>12,155,788</u>	<u>93,897,412</u>	<u>106,053,200</u>
NBV At 30 June 2018	<u>23,042,388</u>	<u>121,981,694</u>	<u>145,024,082</u>

**SPECIAL GUARANTEE FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Treasury Bonds

	12 Months to 30/06/2018	12 Months to 30/06/2017
	<u>Erw</u>	<u>Erw</u>
3 Year Government T-bonds	199,254,000	-
5 Year Government T-bonds	199,072,000	398,326,000
7 Year Government T-bonds	99,877,000	99,877,000
10 Year Government T-bonds	418,211,640	418,211,640
	<u>916,414,640</u>	<u>916,414,640</u>

11 Cash and Banks

Cash at Bank	675,988,695	367,837,474
Cash on hand	16,240	17,780
Treasury bills	148,162,500	198,877,000
	<u>824,167,435</u>	<u>566,732,254</u>

12 Trade and other receivables

Trade receivables	811,099,232	823,393,840
Recours	693,136,770	399,737,118
Prepayments	2,125,233	5,275,609
Other receivables	785,132	785,132
	<u>1,507,146,367</u>	<u>1,229,191,699</u>

13 Share capital

Own funds	<u>43,266,248</u>	<u>43,266,248</u>
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14 Prior year adjustments

Opening Balance	883,730,589	288,979,931
Adjustment for the year	80,708,878	594,750,658
	<u>964,439,467</u>	<u>883,730,589</u>

**SPECIAL GUARANTEE FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

15 Payables

	12 Months 30/06/2018	12 Months 30/06/2017
	<u>Frw</u>	<u>Frw</u>
Trade payables	45,389,852	18,503,910
PAYE payable	703,006	-
RSSB	108,321	0
Taxes payable	1,758,712	2,306,667
Withheld performance security	464,142	565,872
	<u>48,424,033</u>	<u>21,376,449</u>

16 Technical provision

Provision for road accident compensations	427,573,218	318,068,132
Provision for litigations	465,410,012	271,126,393
Provision for damages caused by animals	83,982,956	33,176,579
Provision for MSGH	23,362,554	9,253,060
Provision for bad debts (*)	693,136,770	399,757,118
	<u>1,693,465,510</u>	<u>1,031,381,282</u>

* To reflect the reality over hardly recovery of funds paid to a claimant for a non-insured vehicle, The Organization recognizes both receivable and a Provision for doubtful receivable at the time of payment. Thus, the balance of doubtful receivables reported includes 68% of some receivables which last for more than 2 years.

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

17 Contingent liabilities

Considering the requirement of National Bank of Rwanda as one of SGF regulators, there may be claims incurred but not yet reported (IBNR) which may lead to outflows of SGF economic benefits and which are estimated to 10% of the above first four provisions disclosed in note 16 detailed as follows:

	<u>Frw</u>
10% of Provision for road accident compensations	42,757,322
10% of Provision for litigations	46,541,001
10% of Provision for damages caused by animals	8,398,296
10% of Provision for MSGH	2,336,255
Total contingent liabilities	100,032,874

18 Reporting currency

The Financial Statements are presented in Rwandan Francs (Frw).

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