

**FINANCIAL MANAGEMENT AND THE PERFORMANCE OF PRIVATE
ENTERPRISES IN RWANDA
A CASE STUDY OF SULFO INDUSTRIES**

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ABSTRACT

This research project is intended to examine the contribution of financial management on the performance of private enterprises in Rwanda. A brief background of private enterprises in Rwanda was given and the definitions of private enterprises were examined from the international perspective and the Rwanda perspective. The study also looked at the overview of enterprises in Rwanda. The study was guided by the following objectives, to investigate the importance of financial statements on the performance of private enterprises, to establish the importance of financial analysis on the performance of enterprises and to establish the importance of financial planning and control on the performance of enterprises. The scope of the study was Kigali city with a case study of Sulfo industries. The study findings are hoped to help policy makers design policies that promote enterprises in the country, will be useful to the management of enterprises as they will be able to adopt better management practices that can foster the growth of enterprises. It will also be useful to consultants as the findings will show the gaps where their consultancy services are required among enterprises. The findings will also be used by development partners that support private enterprises as they can be used as a basis of channeling their assistance to improve the technical and management capacity of enterprises. Data was analysed using tables and frequencies and the results indicated that financial management is important for performance of private enterprises. The findings indicated that financial statements are important to the performance of private enterprises. The major financial reports/statements used by private enterprises are statement of comprehensive income/ income statement, statement of financial position and a statement of cash flows. From the findings, it was also reported that analysis of financial statements is important for performance of private enterprises. The major methods used to analyse financial statements are financial ratios and comparative financial statement and trend analysis. Financial planning and control was also identified as important for performance of private enterprises and budgets are used as a tool of financial planning and control. The major budgets used by private enterprises are; capital expenditure budgets, overhead cost budgets, sales budgets and cash budgets.

On the basis of the findings, it was recommended that private enterprises should employ workers who are qualified in financial management. It was also recommended that private enterprises should strengthen the financial management function to enhance the performance of their enterprises. Workers should also be given on job training.

The following areas for further research were suggested; the importance of working capital management on the performance of private enterprises, the importance of internal control systems on the performance of private enterprises, the relationship between reward systems and performance of private enterprises and the utilization of generally accepted accounting principles (GAAPs) and performance of private enterprises.