ABSTRACT

This study was “The Financial statement analysis and performance of companies in Rwanda, a case study was UTEXTWA as the representative of the entire manufacturing companies. This study was to assess and analyze the financial statements of UTEXTWA of four years from 2007 to 2010. This research was carried out because many companies have registered poor performance due to lack of effective financial statement analysis. The study was to analyze the significance of financial performance of UTEXTWA and how this study could bring improvement in overall performance of UTEXTWA for a period of four years 2007 to 2010. Financial analysis provides insights into the company’s financial decisions through its performance. A study of financial performance of UTEXTWA was based on the last four years and a comparison between them was made to measure its liquidity, profitability positions and solvency, as well as the trends of its overall financial performance. From the findings, it has been realized that UTEXTWA had a persistent decrease in profitability by increasing operating expenses by payment interest charges to the lender of funds. Basing on the findings, a number of recommendations have been formulated in order to improve the company’s financial performance. It’s also advisable to always watch over their ratios with a view of keeping its profitability, liquidity and solvency position on improvement. This will lead the company to profitability on long-term basis. Otherwise if the profit continues to decline the shareholders may decide to remove their shares because their aim is to generate high return. The management should control, coordinate and allocate resources where it is a requisite. UTEXTWA as a monopolistic company that produces modern style of clothing in Rwanda, may establish branches in the whole country to facilitate customers instead of coming to the main headquarters for buying its products.