AGACIRO DEVELOPMENT FUND (AGDF) CORPORATE TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Table of contents

The directors submit their report together with the audited financial statements of Agaciro Development Fund Corporate Limited (AGDF Corporate Trust Limited) or (the "Company") for the year ended 30 June 2017, which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The AGDF Corporate Trust Limited was incorporated to act as a Trustee of the Agaciro Development Fund. The purpose of the company is to manage the fund contributions for the benefit of the public and grow the fund for future sustainability.

Agaciro Development Fund is Rwanda's solidarity fund, which was launched during the National Dialogue Forum held in 2011. The fund was officially launched by His Excellency the President of the Republic of Rwanda on 23 August 2012. Contributions to the fund are based on voluntary donations from Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and other well-wishers (Friends of Rwanda).

RESULTS

The results for the year are set out on page 6.

DIRECTORS

The directors who held office during the year and to the date of this report were:-

Name	Position
Mr Sanjeev Anand	Acting chairperson
Mr Scott Ford	Member
Mrs Sandra Rwamushaija	Member
Mrs Francoise Kagoyire	Member
Mr Robert Bayigamba	Member
Mr. Jack Kayonga	Secretary

INCORPORATION AND REGISTERED OFFICE

AGDF Corporate Trust Limited is incorporated in Rwanda under Law No.27/2017 of 31/05/2017 relating to companies as a Trust corporation limited by shares and is domiciled in Rwanda. The address of its registered office is:

P.O. Box 674
Kigali
Rwanda

AUDITOR

The company's auditor, PricewaterhouseCoopers Rwanda Limited has expressed willingness to continue in office.

By order of the Board

Kayonga
....
Secretary

29th/09/2017
....
Date

Law No. 27/2017 of 31/05/2017 relating to companies requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Law No. 27/2017 of 31/05/2017 relating to companies. 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 Company and of its surplus in accordance with International Financial Reporting Standards. The directors 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.

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

The financial statements on pages 6 to 29 were approved for issue by the Board of Directors on

____________________ 2017 and signed on its behalf by:

....	....
Director	**Director**
Date:	Date: 29/09/2017

pwc

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, Agaciro Development Fund Corporate Trust Limited's financial statements give a true and fair view of the financial position of the Company as at 30 June 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Law No. 27/2017 relating to companies.

What we have audited

Agaciro Development Fund Corporate Trust Limited's financial statements as set out on pages 6 to 29 comprise:

- the statement of financial position as at 30 June 2017;
- the statements of income, fund contributions and expenditure for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' Responsibility but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AGACIRO DEVELOPMENT FUND (AGDF) CORPORATE TRUST LIMITED (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Law No. 27/2017 of 31/05/2017 relating to companies, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company'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 judgement and maintain professional scepticism 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are 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 Company 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 the directors 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 during our audit.

Report on other legal and regulatory requirements

Law No. 27/2017 of 31/05/2017 relating to companies requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. There are no circumstances that may create threat to our independence as auditor of the Company;

ii. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

iii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

iv. We have communicated to the Company's Board of Directors, through a separate management letter, internal control matters identified in the course of our audit including our recommendations in relation to those matters.

For PricewaterhouseCoopers Rwanda Limited, Kigali.

Moses Nyabanda
Director

29 September 2017

Statement of Income, Fund Contributions and Expenditure

	Notes	Year Ended 30-Jun-17 Rwf	Year Ended 30-Jun-16 Rwf
Grant income	1	5,029,322,052	5,650,370,269
Interest income	2	3,198,901,596	2,395,653,098
Other income	3	2,000,000	3,166,668
		8,230,223,648	**8,049,190,035**
Employee benefits expense	4	(283,661,897)	(210,714,108)
Administrative expenses	5	(244,885,295)	(41,526,573)
Technical assistance	6	-	(83,242,036)
		(528,547,192)	**(335,482,717)**
Surplus before income tax		7,701,676,456	7,713,707,318
Income tax expense	7	-	-
Surplus for the period		7,701,676,456	7,713,707,318

The notes on pages 10 to 29 are an integral part of these financial statements.

Statement of Financial Position

	Notes	30-Jun-17 Rwf	30-Jun-16 Rwf
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	121,870,770	-
Intangible assets	9	45,000,000	-
Available for sale investments	10	832,933,000	-
Held to maturity investments	11	8,719,477,478	6,146,554,286
		9,719,281,248	**6,146,554,286**
Current assets			
Other receivables	12	39,074,987	1,358,917
Short term deposits	13	23,881,509,718	26,494,659,450
Cash and cash equivalents	14	13,028,560,261	2,437,985,019
		36,949,144,966	**28,934,003,386**
TOTAL ASSETS		**46,668,426,214**	**35,080,557,672**
EQUITY AND LIABILITIES			
Equity			
Share capital	15a	10,000,000	10,000,000
Fair value reserve	15b	43,197,000	-
Agaciro fund		42,706,222,143	35,004,545,687
		42,759,419,143	**35,014,545,687**
Liabilities			
Current liabilities			
Other payables	16	3,909,007,071	66,011,985
Total liabilities		**3,909,007,071**	**66,011,985**
TOTAL EQUITY AND LIABILITIES		**46,668,426,214**	**35,080,557,672**

The notes on pages 10 to 29 are an integral part of these financial statements.

Statement of changes in net assets

	Notes	Fair value reserve Rwf	Share capital Rwf	Agaciro Fund Rwf	Total Rwf
Year ended 30 June 2016					
As at 1 July 2015	15(a)	-	10,000,000	27,290,838,369	27,300,838,369
Surplus for the year		-	-	7,713,707,318	7,713,707,318
At 30 June 2016		**-**	**10,000,000**	**35,004,545,687**	**35,014,545,687**
Year ended 30 June 2017					
As at 1 July 2016		-	10,000,000	35,004,545,687	35,014,545,687
Surplus for the year	15(a)		-	7,701,676,456	7,701,676,456
Unrealized capital gain	15(b)	43,197,000	-	-	43,197,000
At 30 June 2017		**43,197,000**	**10,000,000**	**42,706,222,143**	**42,759,419,143**

The notes on pages 10 to 29 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 30-Jun-17 Rwf	Year ended 30-Jun-16 Rwf
Cash flows from operating activities			
Surplus before income tax		7,701,676,456	7,713,707,318
Adjustments for non-cash items:			
Treasury bond discount earned		(2,790,465)	(2,798,110)
Depreciation on property, plant and equipment	8	28,319,413	-
Changes in working capital			
- Increase in other receivables		(37,716,070)	(388,157)
- Increase in trade and other payables		3,842,995,086	17,868,716
- Increase in interest receivable		(70,132,727)	(281,411,596)
Net cash generated from operating activities		**11,462,351,693**	**7,446,978,171**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(150,190,183)	-
Purchase of intangible assets	9	(45,000,000)	-
Investment in treasury bond		(2,500,000,000)	(3,000,000,000)
Investment in short term deposits		-	(3,298,730,700)
Maturity of short term deposits		2,613,149,732	-
Investment in equity investments		(789,736,000)	-
Net cash generated from investing activities		**(871,776,451)**	**(6,298,730,700)**
Net increase in cash and cash equivalents		10,590,575,242	1,148,247,471
Cash and cash equivalents at beginning of the year		2,437,985,019	1,289,737,548
Cash and cash equivalents at end of the year	15	**13,028,560,261**	**2,437,985,019**

The notes on pages 10 to 29 are an integral part of these financial statements.

Notes

1 Grant Income

	2017 Rwf	2016 Rwf
Grant income from Ministry of Finance and Economic Planning	250,000,000	100,000,000
Contributions to the Agaciro fund		
Contributions from the Government of Rwanda	1,900,000,000	3,000,000,000
Civil servants	2,434,378,834	2,065,875,452
Corporates	95,280,370	170,634,906
Individual citizens	148,640,009	229,262,629
Diaspora	2,769,370	8,861,746
Business employees	144,006,819	63,284,929
Non-Governmental Organisations	54,246,650	12,345,607
Other contributions (Friends of Rwanda)	-	105,000
	5,029,322,052	**5,650,370,269**

Grant income relates to funds received from the Ministry of Finance and Economic Planning (MINECOFIN) to fund the company's activities for the year.

Contribution to the Agaciro Fund relates to the total contributions received by the AGDF Corporate Trust Limited as at 30 June 2017.

Contributions to the fund are based on voluntary donations from the Government of Rwanda, Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and Friends of Rwanda (Other contributions). There are no restrictions on these contributions.

2 Interest income

Interest on short term deposits	2,328,564,084	2,014,378,511
Interest on treasury bond	870,337,512	381,274,587
	3,198,901,596	**2,395,653,098**

Interest income relates to income earned from investment in treasury bond and short term deposits during the year.

3 Other income

Other income relates to cash received from Real Graphics Ltd for the use of the Agaciro Trademark during the year.

Notes (continued)

4 Employee benefits expense

	2017 Rwf	2016 Rwf
Salaries and wages	237,478,176	156,650,893
Terminal benefits for former CEO	-	31,763,416
Contributions to Rwanda Social Security Board	46,183,721	22,299,799
	283,661,897	**210,714,108**

The increase in salaries and wages and contributions to the Rwanda Social Security Board relate to a significant increase in the employee head count during the year. The number of employees increased from 7 to 14. In addition, new positions were created which include Chief Investment Officer and Chief Financial officer.

5 Administrative expenses

	2017	2016
Advertisement and publicity	14,565,408	4,991,130
Audit fees	10,702,600	10,702,600
Telephone and fax	8,029,435	4,202,750
Transportation cost	3,919,221	7,196,370
International travels	14,700,847	320,379
Local travels allowance	-	529,650
International perdiem	9,585,988	-
Office supplies	2,754,668	602,576
Flags, banners and decoration	562,000	4,617,450
Symposia, seminars and sensitisation	17,687,638	1,396,050
Bank charges	900,166	331,166
Postage and courier	93,200	239,200
Office cleaning	1,775,542	101,500
Printing and stationery	6,850,900	2,891,800
Journals and newspaper	92,196	489,100
Insurance	578,560	-
Maintenance or repair of office equipment	945,173	377,349
Photo and camera	20,000	9,000
Other expenses	58,672,395	2,528,503
Rent	34,128,000	-
Internet costs	4,581,469	-
Meetings and special assembly costs	5,307,300	-
Fuel and Lubricants	1,648,000	-
Training expenses	6,305,349	-
Depreciation expense	28,319,413	
Leave accrual	12,159,827	
	244,885,295	**41,526,573**

Other expenses includes items of capital nature that are below the capitalization threshold of Rwf 1 million amounting to Rwf 54 million.

During the year the company moved into a rented office space and as a result had to buy their own furniture and other office equipment. Depreciation expense for the year was Rwf 28,319,413. Other expenses related to the move included rent, internet costs and insurance costs.

Notes (continued)

6 Technical assistance

Technical assistance of Rwf 83,242,036 related to funds paid to Crown Agents, a consultant who provided investment advisory services. The services were terminated as per contract in the current year hence no incurred costs.

7 Income tax expense

The organisation is exempted from income tax. The bill exempting the company from paying income taxes was drafted and discussed by the cabinet on 18 January 2016. It is currently being discussed in parliament for onward submission to the Office of the President for ratification.

Management have not booked any current or deferred income tax in their books and expect that the exemption will be applied retrospectively.

Notes (continued)

8 Property, Plant and Equipment

	Equipment, furniture and fittings Rwf	ICT equipment Rwf	Motor vehicles Rwf	Total Rwf
Year ended 30 June 2016				
At 30 June 2016				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
Year ended 30 June 2017				
Opening net book amount	-	-	-	-
Additions	106,612,118	26,066,065	17,512,000	150,190,183
Depreciation charge	(19,061,900)	(6,402,817)	(2,854,696)	(28,319,413)
Closing net book amount	**87,550,218**	**19,663,248**	**14,657,304**	**121,870,770**
At 30 June 2017				
Cost	106,612,118	26,066,065	17,512,000	150,190,183
Accumulated depreciation	(19,061,900)	(6,402,817)	(2,854,696)	(28,319,413)
Net book amount	**87,550,218**	**19,663,248**	**14,657,304**	**121,870,770**

Notes continued

9 Intangible assets

	2017 Rwf	2016 Rwf
Development of data base	45,000,000	-

The amount relates to a 20% advance that was paid to a company, Pivot Access, a software development company based in Kigali, for the development of an IT database.

10 Available for sale investments

	2017 Rwf	2016 Rwf
Rwanda National Investment Trust Ltd	374,045,000	-
I&M Investments	458,888,000	-
	832,933,000	-

During the year the company purchased shares in Rwanda National Investment Trust and I&M bank

11 Held to maturity investments

	2017 Rwf	2016 Rwf
Treasury bonds held to maturity	8,719,477,478	6,146,554,286

The company invested in two unlisted treasury bonds issued by the Government of Rwanda in 2014 and 2016 with tenors of 5 years each. The coupon interest rates on the bonds are 11.875% and 13.5%, respectively, with periods to maturity of three years and five years respectively. The movement during the year was as follows

	2017 Rwf	2016 Rwf
Opening balance	5,991,223,414	2,986,085,900
Additions	2,500,000,000	3,000,000,000
Discount earned	2,790,465	5,137,514
	8,494,013,879	5,991,223,414
Accrued interest	225,463,599	155,330,872
At 30 June	8,719,477,478	6,146,554,286

12 Other receivables

	2017	2016
Prepayments and subscriptions	39,074,987	692,250
Receivable from Real Graphics Ltd	-	666,667
	39,074,987	1,358,917

Prepayments include an advance for rent and rent deposit amounting to Rwf 17 million as well as prepaid annual insurance amounting to Rwf 21 million.

Notes continued

13 Short term deposits

	2017 Rwf	2016 Rwf
Investment in short term deposits	**23,881,509,718**	**26,494,659,450**
Opening balance	25,798,730,700	22,500,000,000
Additions	4,814,051,994	5,298,730,700
Maturity	(7,500,000,000)	(2,000,000,000)
	23,112,782,694	25,798,730,700
Interest accrued	768,727,024	695,928,750
Closing Balance	**23,881,509,718**	**26,494,659,450**

The short term investments are held with several banks in Rwanda. The interest rates are fixed and all mature within one year.

14 Cash and cash equivalents

	2017 Rwf	2016 Rwf
Cash in hand	57,700	28,900
National Bank of Rwanda	644,677,640	243,370,629
Bank of Kigali	12,186,666,603	27,705,573
BPR Bank	157,874,374	34,677,527
Bank of Kigali – operational account	24,483,212	39,723,029
I&M Bank	-	2,008,385,986
KCB Bank	36,903	9,065,013
Ecobank	-	1,324,906
Cogebanque	-	4,249,457
Crane Bank	1,093,975	85,900
Access Bank	5,509,806	572,500
Guaranty Trust Bank	212,872	906,313
Unguka Bank	4,367,110	44,500
AB Bank Rwanda	2,411,000	-
Equity Bank Rwanda	2,500	-
National Bank of Rwanda – operational account	1,166,566	67,844,786
	13,028,560,261	**2,437,985,019**

Notes (continued)

15 a Share capital

	Number of shares	Rwf
At 1 July 2015, 30 June 2016 and 30 June 2017	10,000	10,000,000

The total authorized and issued number of ordinary shares is 1,000 with a par value of Rwf 10,000 per share. All issued shares are fully paid

15 b Fair value reserve

	2017 Rwf	2016 rwf
	43,197,000	-

Fair value reserves relate to accumulated gains from the available for sale financial investments.

16 Other payables

	2017 Rwf	2016 Rwf
Accrued staff salaries	-	31,452,782
Accrued audit fees	6,578,500	6,578,500
Accrued technical assistance fees	26,310,667	26,310,667
Accrued leave	12,159,827	
Other accruals	5,807,232	1,670,036
Withholding tax payable	122,152,920	
Owing to RSSB	3,735,997,925	-
	3,909,007,071	66,011,985

The significant increase in other payables is mostly due to money owed to RSSB. This relates to an agreement on a joint investment in World Vu Satellites involving both the company and RSSB. As at 30-Jun-17, RSSB had deposited their share of the investment to the company's account, therefore a payable

Notes (continued)

17 Related party transactions

AGDF Corporate Trust Limited is a Company limited by shares established on 01 August 2013. The Company is financed through a budget allocation from the Central Government. The funds received from the Central Government during the year are disclosed under Note 1.

The following transactions were carried out with related parties:

i) Key management compensation

Key management refers to the Secretary of the Board who is the Chief Executive Officer, Chief Finance Officer and the Chief Investment Officer. The compensation paid to key management for employee services is shown below:

	2017 Rwf	2016 Rwf
Salaries and other short-term employment benefits	89,124,519	49,464,851

18 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on minimising potential adverse effects on its financial performance, but the Company does not hedge any risks. Financial risk management is carried out by the finance department under policies approved by the Board of Trustees.

Market risk

(i) Foreign exchange risk

The Company does not hold any financial assets and liabilities in foreign currency.

ii) Price risk

The company is exposed to equities securities price risk because of investments in quoted and unquoted shares. The quoted shares are traded in the Rwanda Stock Exchange (RSE).

As at 30 June 2017, if the price of the securities had increased/decreased by 5% with all other variables held constant the effect to the statement of other comprehensive income would have been +/- Rwf 41.6 million.

iii) Cash flow and fair value interest rate risk

All of the company's interest bearing assets are at fixed rates.

Credit risk

Credit risk arises from cash at bank and short term deposits with banks and outstanding receivables. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is managed by the finance department under policies set out by the Board of Trustees. The company has significant concentrations of credit risk under short term deposits. For banks and financial institutions, only reputable well established financial institutions are accepted. The funds collected by the banks and telecommunication companies on behalf of the Fund are transferred to the National Bank of Rwanda, where the main account for the Fund is held.

Notes (continued)

18 Financial risk management objectives and policies (continued)

Credit risk (continued)

The amount that best represents the Company's maximum exposure to credit risk is made up of the following:

	30 June 2017 Rwf	30 June 2016 Rwf
Short term deposits	23,881,509,718	25,798,730,700
Cash at bank	13,028,560,261	2,437,985,019
Other receivables	39,074,987	1,358,917
Held to maturity investments	8,494,013,879	5,991,223,414
	45,443,158,845	**34,229,298,050**

No collateral is held for any of the above assets. None of the assets are either past due or impaired.

Fair Value Measurement

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities(Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the company's financial assets and liabilities that are measured at fair value. The fair value approximates the carrying value.

30 June 2017

Assets	Carrying amounts Rwf	Quoted prices in active market (Level 1) Rwf	Significant observable inputs (Level 2) Rwf	Significant unobservable inputs (Level 3) Rwf
Available for sale investments – I&M shares	458,888,000	458,888,000	-	-
Available for sale investments – RNIT shares	374,045,000	-	-	374,045,000
Held to maturity investments	8,494,013,879	-	8,494,013,879	-
Short term deposits	23,881,509,718	23,881,509,718		-

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. The company's operations are fully funded by the Government through MINECOFIN on the basis of an annual budget that covers the company's activities for the year. Hence, the company is able to meet its payment obligations as they fall due.

Management performs cash flow forecasting and monitors rolling forecasts to ensure it has sufficient cash to meet the obligations that are due. The table below analyses the company's financial liabilities that will be settled on a net basis on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Notes (continued)

18 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Less than 1 year
At 30 June 2016	
Other Payables	66,011,985

	Less than 1 year Rwf
At 30 June 2017	
Other payables	3,909,007,071

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the Government of Rwanda on behalf of the people of Rwanda and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the capital structure, the company invests contributions received and does not use contributions received to fund its operations.

The entity is not subject to any external capital requirements.

The value of the Agaciro funds as at 30 June 2017 was Rwf 42,706,222,143.

19 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

In the process of applying the company's accounting policies, management has made judgements in determining the income tax expense (Note 7).

20 Summary of significant accounting policies

The principal accounting policies applied 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 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Rwandan Francs (Rwf).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 20 above.

Notes (continued)

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company

The following standards and amendments have been applied by the company for the first time for the financial year beginning 1 January 2016:

Amendments to IAS 1, 'Presentation of Financial Statements': The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments, effective 1 July 2017, provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

Annual Improvements to IFRSs 2012-2015 Cycle. The latest annual improvements, effective 1 January 2016, clarify:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for de recognition.
- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.
- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Notes (continued)

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company (continued)

- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

- Amendment to IAS 16 and IAS 41; IAS 41 *Agriculture* now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses.

  A bearer plant is defined as a living plant that:
  • is used in the production or supply of agricultural produce
  • is expected to bear produce for more than one period, and
  • has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
  • Agricultural produce growing on bearer plants remains within the scope of IAS 41 and is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows.

- Equity method in separate financial statements; Amendment to IAS 27; The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

- IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

Notes (continued)

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(ii) New standards and interpretations that are not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below;

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The company is assessing the impact of IFRS 15.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Notes (continued)

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(ii) New standards and interpretations that are not yet adopted (continued)

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition of Deferred Tax Asset for Unrealised Losses-Amendment to IAS 12; Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and on cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example, by providing a, net debt, reconciliation. However, in this case the changes in other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes (continued)

20 Summary of significant accounting policies (continued)

(b) Grant income

Grant income comprises of funds received from the Central Government budget allocation and is recognised when the conditions set by MINECOFIN are met and the funds are received. Grant income is recognised on the statement of comprehensive income in the year in which the expenses for which the grant funds are to be used are incurred.

(c) Office furniture and equipment

All categories of office furniture and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All purchases of items that are capital in nature with a value below Rwf 1,000,000 are expensed upon payment as capital expenditure in the year of acquisition. However, AGDF maintains a fixed assets register of all these items.

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 of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives, as follows:

Office furniture	4 years
Motor Vehicles	4 years
ICT Equipment	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash with banks.

Notes (continued)

20 Summary of significant accounting policies (continued)

(e) Other receivables

Other receivables are contributions collected by telecommunications companies but not yet remitted to AGDF, receivables from Real Graphics Ltd for the use of the Agaciro Trademark and other prepayments for office expenses.

(f) Short term investments

Short term investments include short term deposits in Commercial banks with maturity periods between 3 months to one year.

(g) Financial assets

(i) Classification

The company classifies its financial assets into the following categories: loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification adopted for a particular financial asset depends on the purpose for which the asset was acquired.

Management determines the classification of its financial asset at initial recognition and re-evaluates this at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available for sale; and
- those that meet the definition of loans and receivables

Interest on held-to-maturity investments are included in the statement of income, fund contribution and expenditure and are reported as 'Interest income'.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Notes (continued)

20 Summary of significant accounting policies (continued)

(g) Financial assets

(ii) Recognition and measurement (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'gains and losses from investment securities'

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of other income when the Company's right to receive payments is established.

Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchange (Nairobi Securities Exchange). The quoted market price used for financial assets held by the company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

Notes (continued)

20 Summary of significant accounting policies (continued)

(g) Financial assets

Impairment of financial assets

Financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

Notes (continued)

20 Summary of significant accounting policies (continued)

(h) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

The company's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Other payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and payroll related liabilities. Other payables are classified as current liabilities if payment is due after one year or less. If not, they are presented as non-current liabilities.

(j) Share capital

Ordinary shares are classified as 'share capital' in equity.

Notes (continued)

20 Summary of significant accounting policies (continued)

(k) Agaciro Fund contributions

Agaciro Fund consist of voluntary contributions from the Central Government, Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and Other contributions (Friends of Rwanda).

Contributions from the Central Government, Rwanda citizens and private companies are recorded when they are received.

Contributions through SMS's are recorded when they are received from the mobile service providers.

21 Subsequent events

Subsequent to year end, the Company, together with the Government of Rwanda and Rwanda Social Security Board (RSSB), invested in an Company, World Vu Satellites Limited, that manufactures, launches and operates low earth orbit satellite constellation in order to provide internet and telecommunication services. Agaciro Corporate Trust Limited's investment in the company is to the tune of US$ 10 million. The full transaction for the investment is set to be completed within the next 12 months.

DONAT NZIGIYIMANA

From:	donat.nzigiyimana@agaciro.rw
To:	twahirwaema@gmail.com
Cc:	mutapascal02@gmail.com
Subject:	FW: CONTRACT HOTEL LA PALISSE
Attachments:	CONTRACT HOTEL LA PALISSE.doc

Please find the contract forwarded

From: Donat Nzigiyimana [mailto:donat.nzigiyimana@agaciro.rw]
Sent: Thursday, May 17, 2018 8:51 AM
To: 'mutapascal02@gmail.com' <mutapascal02@gmail.com>
Cc: 'Francine Uwamariya' <francine.uwamariya@agaciro.rw>; 'frank.kagame@agaciro.rw' <frank.kagame@agaciro.rw>; 'NTABANA Jean Bosco' <jean.ntabana@agaciro.rw>
Subject: FW: CONTRACT HOTEL LA PALISSE

Dear Pascal,

Attached is the contract for provision of hotel services for your review before signature by both parties.

Regards
Donat

From: Donat Nzigiyimana [mailto:donat.nzigiyimana@agaciro.rw]
Sent: Thursday, May 17, 2018 8:41 AM
To: donat.nzigiyimana@agaciro.rw
Subject: CONTRACT HOTEL LA PALISSE