AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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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 2018, 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. This is to change to include active management of equity investments.

Agaciro Development Fund is Rwanda's solidarity fund, a sovereign wealth 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 the Government of Rwanda, Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and other well-wishers.

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.17/2018 of 13/04/2018 governing 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

14th/09/2018
Date

Law No.17/2018 of 13/04/2018 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.17/2018 of 13/04/2018 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 26 were approved for issue by the Board of Directors on

______________________ 2018 and signed on its behalf by:

....	....
Director	**Director**
Date: 14/09/2018	Date: 14/09/2018

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 2018, 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. 17/2018 of 13/04/2018 relating to companies.

What we have audited

Agaciro Development Fund Corporate Trust Limited's financial statements as set out on pages 6 to 26 comprise:

- the statement of financial position as at 30 June 2018;
- 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' Responsibilities 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.17/2018 of 13/04/2018 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 OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED (continued)

Report on other legal and regulatory requirements

Law No.17/2018 of 13/04/2018 governing 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

15 November 2018

Statement of Income, Fund Contributions and Expenditure

	Notes	Year Ended 30-Jun-18 Rwf	Year Ended 30-Jun-17 Rwf
Grant income	1	5,285,356,373	5,029,322,052
Interest income	2	3,191,798,326	3,198,901,596
Dividend income	3	36,593,959	
Other income	4	8,550,000	2,000,000
		8,522,298,658	**8,230,223,648**
Employee benefit expense	5	(448,215,045)	(295,821,724)
Administrative expenses	6	(477,651,557)	(232,725,468)
Technical assistance	7	(3,015,000)	-
		(928,881,602)	**(528,547,192)**
Surplus before income tax		7,593,417,057	7,701,676,456
Income tax expense	8	-	-
Surplus for the year		7,593,417,057	7,701,676,456

The notes on pages 10 to 26 are an integral part of these financial statements.

Statement of Financial Position

ASSETS	Notes	30-Jun-18 Rwf	30-Jun-17 Rwf
Property, plant and equipment	9	118,227,960	121,870,770
Intangible assets	10	178,732,400	45,000,000
Available for sale investments	11	13,851,597,077	832,933,000
Held to maturity investments	12	8,724,081,089	8,719,477,478
		22,872,638,526	**9,719,281,248**
Other receivables	13	38,371,187	39,074,987
Short term deposits	14	27,544,400,932	23,881,509,718
Cash and cash equivalents	15	203,983,150	13,028,560,261
		27,786,755,269	**36,949,144,966**
TOTAL ASSETS		**50,659,393,795**	**46,668,426,214**
AGACIRO FUND AND LIABILITIES			
Agaciro fund			
Share capital	16a	50,000,000,000	10,000,000
Available for sale reserve	16b	75,331,800	43,197,000
Retained earnings		309,639,200	42,706,222,143
Total Fund		**50,384,971,000**	**42,759,419,143**
Liabilities			
Other payables	17	274,422,795	3,909,007,071
Total liabilities		**274,422,795**	**3,909,007,071**
TOTAL EQUITY AND LIABILITIES		**50,659,393,795**	**46,668,426,214**

The notes on pages 10 to 26 are an integral part of these financial statements.

Statement of changes in fund value

	Notes	Available for sale reserve Rwf	Share capital Rwf	Retained earnings Rwf	Total Rwf
Year ended 30 June 2017					
As at 1 July 2016	16(a)	-	10,000,000	35,004,545,687	35,014,545,687
Surplus for the year			-	7,701,676,456	7,701,676,456
		43,197,000	-	-	43,197,000
At 30 June 2017		**43,197,000**	**10,000,000**	**42,706,222,143**	**42,759,419,143**
Year ended 30 June 2018					
As at 1 July 2017		43,197,000	10,000,000	42,706,222,143	42,716,222,143
Surplus for the year	16(a)	-	-	7,593,417,057	7,593,417,057
Unrealized capital gain	16(b)	32,134,800	-	-	32,134,800
Transfer to share capital		-	49,990,000,000	(49,990,000,000)	-
At 30 June 2018		**75,331,800**	**50,000,000,000**	**309,639,200**	**50,384,971,000**

The notes on pages 10 to 26 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 30-Jun-18 Rwf	Year ended 30-Jun-17 Rwf
Cash flows from operating activities			
Surplus before income tax		7,593,417,057	7,701,676,456
Adjustments for non-cash items:			
Treasury bond discount earned		(2,790,425)	(2,790,465)
Depreciation on property, plant and equipment	8	44,042,810	28,319,413
Changes in working capital			
- Decrease in other receivables		703,800	(37,716,070)
- Increase in trade and other payables		(3,552,063,729)	3,842,995,086
- Increase in interest receivable		(125,098,467)	(70,132,727)
Net cash generated from operating activities		**3,958,211,046**	**11,462,351,693**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(40,400,000)	(150,190,183)
Purchase of intangible assets	9	(133,732,400)	(45,000,000)
Investment in treasury bond		-	(2,500,000,000)
Investment/sales of short term deposits		(3,622,126,481)	2,613,149,732
Investment in equity investments		(12,986,529,276)	(789,736,000)
Net cash generated from investing activities		**(16,782,788,157)**	**(871,776,451)**
Net increase in cash and cash equivalents		(12,824,577,111)	10,590,575,242
Cash and cash equivalents at beginning of the year		13,028,560,261	2,437,985,019
Cash and cash equivalents at end of the year	14	**203,983,150**	**13,028,560,261**

The notes on pages 10 to 26 are an integral part of these financial statements.

Notes

1 Grant Income

	2018 Rwf	2017 Rwf
Grant income from Ministry of Finance and Economic Planning	-	250,000,000

Contributions to the Agaciro fund

	2018 Rwf	2017 Rwf
Contributions from the Government of Rwanda	1,174,581,740	1,900,000,000
Civil servants	2,603,157,691	2,434,378,834
Corporates	1,108,172,153	95,280,370
Individual citizens	98,620,268	148,640,009
Diaspora	-	2,769,370
Business employees	248,256,490	144,006,819
Non-governmental organisations	5,725,612	54,246,650
Cooperatives	46,842,419	-
	5,285,356,373	**5,029,322,052**

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

2 Interest income

	2018 Rwf	2017 Rwf
Interest on short term deposits	2,175,535,781	2,328,564,084
Interest on treasury bond	1,016,262,545	870,337,512
	3,191,798,326	**3,198,901,596**

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

3 Dividend income

	2018 Rwf	2017 Rwf
Dividend from I&M shares	36,593,959	-
	36,593,959	**-**

4 Other income

	2018 Rwf	2017 Rwf
AGACIRO trademark income	-	2,000,000
Other income	8,550,000	-
	8,550,000	**2,000,000**

Notes (continued)

5 Employee benefits expense

	2018 Rwf	2017 Rwf
Salaries and wages	349,996,548	237,478,176
Medical insurance	13,704,223	-
Contributions to Rwanda Social Security Board	16,487,912	46,183,721
Leave accrual	16,802,406	12,159,827
Lumpsum	51,223,956	-
	448,215,045	**295,821,724**

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.

6 Administrative expenses

	2018 Rwf	2017 Rwf
Advertisement and publicity	38,219,450	14,565,408
Audit fees	12,764,650	10,702,600
Communication	17,439,292	8,029,435
Transportation cost	731,232	3,919,221
International travels	16,193,435	14,700,847
Local travels allowance	632,550	-
International perdiem	8,741,032	9,585,988
Office supplies	5,742,446	2,754,668
Flags, banners and decoration	10,000	562,000
Symposia, seminars and sensitisation	55,554,413	17,687,638
Bank charges	1,999,384	900,166
Postage and courier	178,400	93,200
Office cleaning	3,434,400	1,775,542
Printing and stationery	6,080,500	6,850,900
Journals and newspaper	633,165	92,196
Insurance	3,424,321	578,560
Maintenance or repair of office equipment	1,687,057	945,173
Photo and camera	21,600	20,000
Other expenses	37,330,758	58,672,395
Rent	51,192,000	34,128,000
Internet costs	7,414,480	4,581,469
Meetings and special assembly costs	-	5,307,300
Fuel and lubricants	1,455,000	1,648,000
Training expenses	34,208,691	6,305,349
Depreciation expense	44,042,810	28,319,413
Commission fees	106,386,931	-
Representation cost	1,235,429	-
Web database hosting	9,921,755	-
Security	4,099,549	-
Staff retreat	6,876,827	-
	477,651,557	**232,725,468**

Notes (continued)

6 Administrative expenses (continued)

Other expenses includes items of capital nature that are below the capitalization threshold of Rwf 500,000.

7 Technical assistance

Technical assistance of Rwf 3,015,000 related to payment of temporary support staff for the database system development.

8 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 was then ratified by the Office of the President and passed on 15 April 2018.

Notes (continued)

9 Property, Plant and Equipment

	Equipment, furniture and fittings Rwf	ICT equipment Rwf	Motor vehicles Rwf	Total Rwf
Year ended 30 June 2017				
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**
Year ended 30 June 2018				
Opening net book amount	87,550,218	19,663,248	14,657,304	121,870,770
Additions	-	40,400,000	-	-
Depreciation charge	(26,631,778)	(13,033,033)	(4,378,000)	44,042,810
Closing net book amount	**60,918,440**	**47,030,215**	**10,279,304**	**118,227,960**
At 30 June 2018				
Cost	106,612,118	66,466,065	17,512,000	190,590,183
Accumulated depreciation	(45,693,678)	(19,435,850)	(7,232,696)	(72,362,224)
Net book amount	**60,918,440**	**47,030,215**	**10,279,304**	**118,227,960**

Notes continued

10 Intangible assets

	2018 Rwf	2017 Rwf
Development of database	178,732,400	45,000,000

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

	2018 Rwf	2017 Rwf
Opening balance	45,000,000	-
WIP addition	133,732,400	45,000,000
Closing balance	**178,732,400**	**45,000,000**

11 Available for sale investments

	2018 Rwf	2017 Rwf
Rwanda National Investment Trust Ltd	412,545,000	374,045,000
I&M Investments	701,935,600	458,888,000
World vu satellites	12,737,116,477	-
	13,851,597,077	**832,933,000**

During the year the company purchased shares in World vu satellites and I&M bank.

12 Held to maturity investments

	2018 Rwf	2017 Rwf
Treasury bonds held to maturity	**8,724,081,089**	**8,719,477,478**

	2018 Rwf	2017 Rwf
Opening balance	8,494,013,879	5,991,223,414
Additions	-	2,500,000,000
	8,496,804,304	8,494,013,879
Accrued interest	230,067,210	228,254,064
At 30 June	**8,724,081,089**	**8,719,477,478**

Notes continued

13 Other receivables

Prepayments and subscriptions	38,371,187	39,074,987
	38,371,187	**39,074,987**

Prepayments include an advance for rent and rent deposit amounting to Rwf 8 million as well as prepaid annual insurance amounting to Rwf 29 million.

14 Short term deposits

	2018 Rwf	2017 Rwf
Investment in short term deposits	**27,544,400,932**	**23,881,509,718**
Opening balance	23,112,782,694	25,798,730,700
Additions	9,424,241,569	4,814,051,994
Maturity	(5,922,115,095)	(7,500,000,000)
	26,652,388,627	23,112,782,694
Interest accrued	929,491,756	768,727,024
Closing Balance	**27,544,400,932**	**23,881,509,718**

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

15 Cash and cash equivalents

	2018 Rwf	2017 Rwf
Cash in hand	96,700	57,700
National Bank of Rwanda	153,638,281	644,677,640
Bank of Kigali	3,396,733	12,186,666,603
BPR Bank	-	157,874,374
Bank of Kigali – operational account	7,859,084	24,483,212
BK investment account	(500)	7,103
I&M Bank	1,185,795	-
KCB Bank	-	29,800
Umwalimu Sacco	12,835,265	-
Letshego	2,665	-
Goshen Finance	1,034,140	-
Duterimbere	1,432,036	-
Crane Bank	3,070,735	1,093,975
Access Bank	6,163,582	5,509,806
Guaranty Trust Bank	-	212,872
Unguka Bank	8,713,202	4,367,110
AB Bank Rwanda	4,492,500	2,411,000
Equity Bank Rwanda	(3,634)	2,500
National Bank of Rwanda – operational account	66,566	1,166,566
	203,983,150	**13,028,560,261**

Notes (continued)

16 a Share capital

As at 30 June 2018, the company transferred Rwf 49.9 billion from the Agaciro Fund to share capital after obtaining the necessary shareholder and regulatory approval. At the same time, the Company consolidated existing 10,000 shares to 1 share of Rwf 50 billion.

16 b Fair value reserve

	2018 Rwf	2017 rwf
	75,331,800	43,197,000

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

17 Other payables

	2018 Rwf	2017 Rwf
Accrued audit fees	5,407,750	6,578,500
Accrued technical assistance fees	26,349,882	26,310,667
Accrued leave	28,962,233	12,159,827
Other accruals	43,281,508	5,748,660
VAT	18,532,648	58,572
Pivot access	24,661,017	
Withholding tax payable	114,120,466	122,152,920
Owing to RSSB	-	3,735,997,925
PAYE	10,834,586	-
RSSB	2,272,704	-
	274,422,795	3,909,007,071

Notes (continued)

18 Related party transactions

AGDF Corporate Trust Limited is a Company limited by shares established on 01 August 2013. The Company is financed through donations from the Government of Rwanda as well as Rwanda Citizens. The donations received from the Central Government during the year are disclosed under Note 1. Transactions related to government securities are included under note 12. Cash transactions with Bank of Kigali and National Bank of Rwanda are disclosed under note 15. Transactions with RSSB related to repayment of 3.7 billion Francs and is disclosed under note 17.

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 Shared Services, Chief Finance Officer and the Chief Investment Officer. The compensation paid to key management for employee services is shown below:

	2018 Rwf	2017 Rwf
Salaries and other short-term employment benefits	169,666,656	124,880,943

19 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 2018, 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 692 million.

iii) Cash flow and interest rate risk

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

As at 30 June 2018, if the interest rate of the securities had increased/decreased by 5% with all other variables held constant the effect to income statement would have been +/- Rwf 436 million.

Notes (continued)

19 Financial risk management objectives and policies (continued)

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.

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

	2018 Rwf	2017 Rwf
Short term deposits	27,544,400,932	23,881,509,718
Cash at bank	203,983,150	13,028,560,261
Held to maturity investments	8,724,081,089	8,719,477,478
Available for sale investments	13,851,597,077	832,933,000
	50,324,062,248	**46,462,480,457**

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 fair value hierarchy of the company's financial assets and liabilities that are measured at fair value

30 June 2018	Carrying amounts	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets	Rwf	Rwf	Rwf	Rwf
Available for sale investments – I&M shares	701,935,600	701,935,600	-	-
Available for sale investments – RNIT	412,545,000	412,545,000	-	-
Investment in World Vu	12,737,116,477	-	-	12,737,116,477

Notes (continued)

19 Financial risk management objectives and policies (continued)

Level 3 reconciliation

FRW	2018	2017
At 1 January	12,737,116,477	-
Additions	-	12,737,116,477
Total	12,737,116,477	12,737,116,477

The following table presents the fair value hierarch of company's financial assets and liabilities not measured at fair value

30 June 2018	Carrying amounts	Fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets	Rwf	Rwf	Rwf	Rwf	Rwf
Held to maturity investments	8,724,081,089	8,725,372,480	-	8,725,372,480	-

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.

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

	Less than 1 year Rwf
At 30 June 2018	
Other payables	274,422,795

19 Financial risk management objectives and policies (continued)

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 2018 was Rwf 50,384,971,000.

20 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 estimates in the investment valuation.

21 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)

21 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 July 2017:

IAS 7 'Cash Flow Statements': 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.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out above.

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

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. Directors do not anticipate the new standards will have significant impact to the company.

Notes (continued)

21 Significant accounting policies (continued)

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

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 hasn't opted for early adoption and the directors do not anticipate a significant impact to the company.

(b) Grant income

Grant income is recognised on the statement of comprehensive income in the year in which the revenues have been received.

Grant income 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.

(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 500,000 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)

21 Significant accounting policies (continued)

(e) Other receivables

Other receivables are prepayments for expenses that include rent, security and staff insurance.

(f) Short term investments

Short term investments include treasury bills and 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)

21 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 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)

21 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)

21 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.

22 Subsequent events

Subsequent to year end, the Company will in addition be a holding company for most of the government's assets.