AGACIRO DEVELOPMENT FUND (AGDF) CORPORATE TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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The directors submit their report together with the audited financial statements of the Company for the year ended 30 June 2016, 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 5.

DIRECTORS

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

Name	Position
Mrs Pitchette Kampeta	Chairperson (Resigned on 19 February 2016)
Mr Sanjeev Anand	Vice Chairperson
Mr Scott Ford	Member
Mrs Sandra Rwamushaija	Member
Mrs Francoise Kagoyire	Member
Mr Robert Bayigamba	Member
Mr Vianney Kagabo	Secretary (Deceased on 10 November 2015)
Mr. Jack Kayonga	Secretary (Appointed on 18 March 2016)

INCORPORATION AND REGISTERED OFFICE

AGDF Corporate Trust Limited ("the Company") is incorporated in Rwanda under Law No.07/2009 relating to companies as modified by law no. 14/2010 of 07/05/2010 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

The Company was incorporated on 1 August 2013.

AUDITOR

The company's auditor, PricewaterhouseCoopers Rwanda Limited, was appointed in the prior year and continues in office in accordance with Law No. 07/2009 relating to companies as modified by law no. 14/2010 of 07/05/2010.

By order of the Board

Kayonga
....
Secretary

AGDF CORPORATE TRUST LTD
AGACIRO DEVELOPMENT FUND

5 December 2016
....
Date

Law No. 07/2009 relating to companies as modified by law no. 14/2010 of 07/05/2010 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. 07/2009 relating to companies as modified by law no. 14/2010 of 07/05/2010. 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 5 to 19 were approved for issue by the Board of Directors on

1 December 2016 and signed on its behalf by:

....	....
Director	**Director**
Date: 30/11/2016	Date: 5/12/2016

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

Report on the financial statements

We have audited the accompanying financial statements of Agaciro Development Fund ("AGDF") Corporate Trust Limited, which comprise the statement of financial position as at 30 June 2016 and the statements of income, fund contributions and expenditure, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the financial statements

Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Law No. 07/2009 relating to companies as modified by law no. 14/2010, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of AGDF Corporate Trust Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Law No. 07/2009 relating to companies as modified by law no. 14/2010.

Report on other legal requirements

Law No. 07/2009 relating to companies as modified by law no. 14/2010 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 a 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;

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

Report on other legal requirements (continued)

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

Florence Gatome
Director

05 December 2016

Statement of Income, Fund Contributions and Expenditure

	Notes	Year Ended 30 June 2016	Year Ended 30 June 2015
			Rwf
Grant income	1	100,000,000	81,000,000
Interest income	2	2,395,653,098	1,547,625,578
Other income	3	3,166,668	3,044,218
Contribution to the Agaciro fund	4	5,550,370,269	2,744,331,698
		8,049,190,035	**4,376,001,494**
Employee benefits expense	5	(210,714,108)	(152,957,476)
Administrative expenses	6	(41,526,573)	(56,808,963)
Technical assistance	7	(83,242,036)	-
		(335,482,717)	**(209,766,439)**
Surplus before tax		**7,713,707,318**	**4,166,235,055**
Income tax expense	8	-	-
Surplus for the year		**7,713,707,318**	**4,166,235,055**

The notes on pages 9 to 19 are an integral part of these financial statements.

Statement of financial position

	Notes	As at 30 June 2016 Rwf	As at 30 June 2015 Rwf
ASSETS			
Non-Current Asset			
Treasury bond	9	6,146,554,286	3,103,717,200
Current assets			
Other receivables	10	1,358,917	970,760
Short term investment	11	26,494,659,450	22,954,556,130
Cash and cash equivalents	12	2,437,985,019	1,289,737,548
		28,934,003,386	**24,245,264,438**
TOTAL ASSETS		**35,080,557,672**	**27,348,981,638**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	10,000,000	10,000,000
Agaciro fund		35,004,545,687	27,290,838,369
		35,014,545,687	**27,300,838,369**
Liabilities			
Current liabilities			
Other payables	14	66,011,985	48,143,269
Total liabilities		**66,011,985**	**48,143,269**
TOTAL EQUITY AND LIABILITIES		**35,080,557,672**	**27,348,981,638**

The notes on pages 9 to 19 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital	Agaciro Fund	Total
		Rwf	Rwf	Rwf
Financial year ended 30 June 2015				
As at 1 July 2014	13	10,000,000	23,124,603,314	23,134,603,314
Surplus for the year		-	4,166,235,055	4,166,235,055
At 30 June 2015		**10,000,000**	**27,290,838,369**	**27,300,838,369**
Financial year ended 30 June 2016				
As at 1 July 2015	13	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**

The notes on pages 9 to 19 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 30 June 2016	Year ended 30 June 2015
		Rwf	Rwf
Cash flows from operating activities			
Surplus before income tax		7,713,707,318	4,166,235,055
Adjustments for non-cash items:			
Treasury bond discount earned		(2,798,110)	(2,339,404)
Changes in working capital			
- Increase in other receivables	10	(388,157)	(970,760)
- Increase in trade and other payables	14	17,868,716	41,264,769
- Increase in interest receivable		(281,411,596)	(569,848,026)
Net cash generated from operating activities		**(266,729,147)**	**(531,893,421)**
Cash flows from investing activities			
Investment in treasury bond	9	(3,000,000,000)	(2,986,085,900)
Investment in short term deposits	11	(3,298,730,700)	(22,500,000,000)
Net cash generated from investing activities		**(6,298,730,700)**	**(25,486,085,900)**
Net increase (decrease) in cash and cash equivalents		1,148,247,471	(21,851,744,266)
Cash and cash equivalents at beginning of the year	12	1,289,737,548	23,141,481,814
Cash and cash equivalents at end of the year	12	**2,437,985,019**	**1,289,737,548**

The notes on pages 9 to 19 are an integral part of these financial statements.

Notes

1 Grant income

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

2 Interest Income

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

	30 June 2016 Rwf	30 June 2015 Rwf
Interest on short term deposits	2,014,378,511	1,260,775,529
Interest on treasury bond	381,274,587	286,850,049
	2,395,653,098	**1,547,625,578**

3 Other income

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

4 Contribution to the Agaciro fund

Contribution to the Agaciro Fund relates to the total contributions received by the AGDF Corporate Trust Limited as at 30 June 2016.

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).

	30 June 2016 Rwf	30 June 2015 Rwf
Contributions from the Government of Rwanda	3,000,000,000	-
Civil servants	2,065,875,452	2,061,911,696
Corporates	170,634,906	210,902,741
Individual citizens	229,262,629	366,854,136
Diaspora	8,861,746	18,102,116
Business employees	63,284,929	44,010,679
Non-Governmental Organisations	12,345,607	41,500,330
Other contributions (Friends of Rwanda)	105,000	1,050,000
	5,550,370,269	**2,744,331,698**

5 Employee benefits expenses

Salaries and wages	156,650,893	132,296,708
Terminal benefits for former CEO	31,763,416	-
Contributions to Rwanda Social Security Board	22,299,799	20,660,768
	210,714,108	**152,957,476**

The increase in employee benefits expenses is attributed to payment of terminal benefits for the former Chief Executive Officer and the salary costs for two employees who worked for the entire year during 2016.

Notes (continued)

6 Administrative expenses

	30 June 2016 Rwf	30 June 2015 Rwf
Advertisement and publicity	4,991,130	14,198,362
Audit fees	10,702,600	10,702,600
Telephone and fax	4,202,750	4,037,000
Transportation cost	7,196,370	9,227,030
International travels	320,379	1,275,870
Local travels allowance	529,650	1,096,750
International perdiem	-	1,105,329
Office supplies	602,576	541,556
Flags, banners and decoration	4,617,450	641,480
Symposia, seminars and sensitisation	1,396,050	-
Bank charges	331,166	141,451
Postage and courier	239,200	39,815
Office cleaning	101,500	65,000
Printing and stationery	2,891,800	923,200
Journals and newspaper	489,100	407,310
Capital expenditure	1,490,000	11,675,000
Insurance	-	194,210
Maintenance or repair of office Equipment	377,349	37,000
Photo and camera	9,000	500,000
Other expenses	1,038,503	-
	41,526,573	**56,808,963**

7 Technical assistance

Technical assistance of Rwf 83,242,036 relates to funds paid to Crown Agents, a consultant who provided investment advisory services.

8 Income tax expense

The directors of the company believe that no income tax expense should be recorded in the financial statements due to the principles on which the Agaciro Fund was established. The Fund was established to serve as a savings fund, positioned to help the Country to be resilient to future shocks to its economy. The law exempting the company from paying income taxes was drafted and discussed by the cabinet on 18 January 2016.

9 Treasury bond

	30 June 2016 Rwf	30 June 2015 Rwf
Treasury bonds issued by the Government of Rwanda	**6,146,554,286**	**3,103,717,200**

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.

There are no comparable instruments in Rwanda against which to benchmark the fair values of the treasury bonds.

Notes (continued)

10 Other receivables

	30 June 2016 Rwf	30 June 2015 Rwf
Contributions receivable from Airtel	-	970,760
Prepaid internet fees	692,250	-
Receivable from Real Graphics Ltd	666,667	-
	1,358,917	**970,760**

11 Short term investments

	30 June 2016 Rwf	30 June 2015 Rwf
Investment in short term deposits	25,798,730,700	22,500,000,000
Interest accrued	695,928,750	454,556,130
	26,494,659,450	**22,954,556,130**

The short term investments are held with several banks in Rwanda. The interest rates are fixed.

12 Cash and cash equivalents

	30 June 2016 Rwf	30 June 2015 Rwf
Cash in hand	28,900	72,500
Cash at bank - AGDF accounts		
National Bank of Rwanda	243,370,629	229,439,707
Bank of Kigali	27,705,573	12,137,410
BPR Bank	34,677,527	12,611,497
I&M Bank	2,008,385,986	5,749,007
KCB Bank	9,065,013	1,002,692,636
Ecobank	1,324,906	2,600,085
Cogebanque	4,249,457	1,366,800
Crane Bank	85,900	-
Access Bank	572,500	8,457,944
Guaranty Trust Bank	906,313	-
Unguka Bank	44,500	-
	2,330,388,304	**1,275,055,086**
Cash at bank - Operational accounts		
National Bank of Rwanda	67,844,786	14,609,962
Bank of Kigali	39,723,029	-
	107,567,815	**14,609,962**
	2,437,985,019	**1,289,737,548**

The cash at bank balance for the Agaciro Development Fund accounts is not available for the company's use in its normal operations and is restricted to the investment of the fund. There were no withdrawals made from these accounts during the year ended 30 June 2016 except transfers to commercial banks for investment in the treasury bond and short term deposits. The Agaciro Development fund balance is under the custody of the National Bank of Rwanda.

The bank balance of Rwf 2,330,388,304 on AGDF accounts includes a contribution of Rwf 2 billion received from the Government of Rwanda at the end of the year on 28 June 2016 and was subsequently invested in term deposits in I&M Bank on 2 July 2016 in line with the company's policy.

Notes (continued)

12 Cash and cash equivalents (continued)

Interest income amounting to Rwf 2,374,133 on the funds deposited on the Crane Bank account which was under the current account arrangement during the period 1 January 2016 to 22 January 2016 was not received by the Company.

13 Share capital

	Number of shares	Ordinary shares Rwf
Balance at 1 July 2015	1,000	10,000,000
Shares issued during the year	-	-
Balance at 30 June 2016	**1,000**	**10,000,000**

14 Other payables

	30 June 2016 Rwf	30 June 2015 Rwf
Accrued staff salaries	31,452,782	41,424,769
Accrued audit fees	6,578,500	6,578,500
Accrued technical assistance fees	26,310,667	-
Other accruals	1,670,036	140,000
	66,011,985	**48,143,269**

15 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. The compensation paid to key management for employee services is shown below:

	2016 Rwf	2015 Rwf
Salaries and other short-term employment benefits	49,464,851	64,818,807

16 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.

Notes (continued)

16 Financial risk management objectives and policies (continued)

ii) Price risk

The company does not hold any financial instruments subject to price risk.

(iii) Interest rate risk

The company does not hold any financial instruments subject to interest rate risk.

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:

	30 June 2016
	Rwf
Short term deposits	1,358,917
Cash at bank	26,494,659,450
Other receivables	2,437,985,019
	28,934,003,386

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

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
	Rwf
At 30 June 2016	
Other payables	**66,011,985**

Notes (continued)

16 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 2016 was Rwf 35,004,545,687.

17 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Company determines the estimated useful lives and related depreciation charges for its furniture and computer equipment. This estimate is based on the projected useful lives for such assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

18 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 17 above.

Changes in accounting policy and disclosures

(a)New standards and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for years 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.

Notes (continued)

18 Summary of significant accounting policies (continued)

(a)New standards and interpretations not yet adopted (continued)

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.

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.

IAS 1, 'Presentation of financial statements' These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016.

Notes (continued)

18 Summary of significant accounting policies (continued)

(a)New standards and interpretations not yet adopted (continued)

Annual improvements 2014. These set of amendments, effective 1 January 2016, impacts 2 standards:

- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 34, 'Interim financial reporting' regarding disclosure of information

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.

(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	3 years

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

Office furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand with banks.

Notes (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

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired. The directors determine the classification of the financial assets at initial recognition.

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.

(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.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment

(A) 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 company of financial assets is impaired. A financial asset or a company 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 company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a company 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.

Notes (continued)

18 Summary of significant accounting policies (continued)

(iv) Impairment (continued)

(A) Assets carried at amortised cost (continued)

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 profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 profit or loss.

B) 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 company of financial assets is impaired.
For debt securities, 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. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.
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 income statement on equity instruments are not reversed through the income statement.

(h) 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.

(i) Share capital

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

Notes (continued)

18 Summary of significant accounting policies (continued)

(j) 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.