AGDF CORPORATE TRUST LIMITED

ANNUAL REPORT

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

AGDF CORPORATE TRUST LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

REGISTERED OFFICE
AGDF CORPORATE TRUST LIMITED
P.O. Box 674
Kigali - Rwanda

PRINCIPLE BANKERS

National Bank of Rwanda
P.O. Box 531
Kigali - Rwanda

Bank of Kigali PLC
P.O BOX 175
Kigali, Rwanda

Banque Populaire du Rwanda PLC
Po Box 1348
Kigali - Rwanda

KCB Bank Rwanda PLC
P.O BOX 5620
Kigali, Rwanda

I&M Bank Rwanda PLC
P.O. BOX 354
Kigali, Rwanda

Equity Bank Rwanda PLC
P.O BOX 494
Kigali, Rwanda

Cogebank PLC
P.O BOX 5230
Kigali, Rwanda

Ecobank Rwanda PLC
P.O BOX 3268
Kigali, Rwanda

Commercial Bank of Africa PLC
P O Box 6774
Kigali, Rwanda

Guaranty Trust Bank PLC
P.O. Box 331
Kigali, Rwanda

Access Bank PLC
P.O Box 2059
Kigali, Rwanda

Letshego Rwanda Plc
P.O. Box 4062
Kigali, Rwanda

Urwego Opportunity Bank
P.O. Box 748
Kigali, Rwanda

UNGUKA Bank PLC
P.O BOX 6417
Kigali, Rwanda

Goshen Finance
Po Box 4787
Kigali, Rwanda

DUTERIMBERE IMF
P.O Box 6719
Kigali, Rwanda

AB Bank
P.O Box 671
Kigali, Rwanda

Umwalimu SACCO
P.O. Box 2257
Kigali, Rwanda

AUDITOR
Ernst & Young Rwanda Limited
Certified Public Accountant
M Peace Plaza Executive Wing 6 Floor
KN 4 AV, 72 ST
P. O. Box 3638
Kigali - Rwanda

The directors submit their financial statements for the year ended 31 December 2022 which shows the state of the company's affairs.

1. PRINCIPAL ACTIVITIES

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 has changed to include active management of equity investments.

AGDF Corporate Trust Limited 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 were based on voluntary donations from the Government of Rwanda, Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and other well-wishers.
In April 2020, the Government of Rwanda decided to terminate receiving contributions. Since voluntary contributions have been phased out the fund become an income generating fund instead of being an income-collecting fund.
This requires strong creative and innovative business strategies that will enable the Fund operating competitively in the market, contribute to the economy and provide investment solutions in the industry.

2. RESULTS

The results for the year are set out on page 7.

3. DIRECTORS

The directors who served during the year and to the date of this report were:

Mr Scott Ford	Chairperson
Mr Dr Thierry Mihigo Kalisa	Vice- Chairperson
Mrs Doreen G.Karake	Member
Mr Aimé Ngarukiyintwali	Member
Mr Andrew Rozanov	Member
Mrs Jeanne Françoise Mubiligi	Member

4. Auditors

Ernst & Young Rwanda Limited were the auditors in the current year and have expressed willingness to continue in office.

On behalf of the Board
Chief Executive Officer

24 / 10 /2023

AGDF CORPORATE TRUST LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

The Law No.007/2021 of 05/02/2021 relating to companies requires the directors to prepare financial statements for each financial year which give a true and fair view of the company as at the end of the financial year and of its operating results for that period. It also requires the directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time 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 and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Law No. 007/2021 of 05/02/2021 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 operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

....
Director

....
Director

24 october..........2023
Date

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Certified Public Accountants
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KN 4 Avenue
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Kigali, Rwanda

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
AGDF CORPORATE TRUST LIMITED

REPORT ON THE AUDITED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of AgDF Corporate Trust Limited set out on pages 7 to 49, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AgDF Corporate Trust Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Law No. 007/2021 Of 05/02/2021 governing companies.

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 are independent of AgDF Corporate Trust Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements of AgDF Corporate Trust Limited in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of AgDF Corporate Trust Limited and in Rwanda. The IESBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Pages 2 to 3 document titled "AgDF Corporate Trust Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Law No. 007/2021 of 05/02/2021 governing companies. The other information 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
AGDF CORPORATE TRUST LIMITED

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 governing 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, management and those charged with governance are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and those charged with governance either intend to liquidate AgDF Corporate Trust Limited or to cease operations, or have no realistic alternative but to do so.
Those charged with governance are responsible for overseeing AgDF Corporate Trust Limited'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 AgDF Corporate Trust Limited'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 AgDF Corporate Trust Limited's 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 AgDF Corporate Trust Limited to cease to continue as a going concern. Auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
AGDF CORPORATE TRUST LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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 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.

Misstatements can arise from fraud or error and are considered material if individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Law No. 007/2021 of 05/02/2021 governing companies, we report to you based on our audit that:

i) We have no relationship, interests and debts in the company,

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

iii) In our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books; and

iv) We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Stephen K Sang
For Ernst & Young Rwanda Limited

24 october 2023

AGDF CORPORATE TRUST LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
ASSETS		Frw'000'	Frw'000'
NON-CURRENT ASSET			
Property, Plant and Equipment	3	60,009	70,966
Right of use Assets	4	165,690	-
Financial assets-FVTPL (Equities)	5	209,825,519	186,735,467
Financial assets-FVTPL (Bonds)	6	39,299,540	29,407,059
Non-Current asset held for sale	11	787,500	-
Amount due from related parties	7 (a)	2,840,060	3,885,626
		252,978,318	228,175,998
CURRENT ASSETS			
Amount due from related parties	7 (b)	-	43,539
Other Receivables	8	77,554	72,282
Short term Investment	9	33,378,056	27,874,334
Cash and cash equivalents	10	758,568	113,553
Non-Current asset held for sale	11	-	8,076,880
		34,214,178	28,103,708
TOTAL ASSETS		287,192,496	256,279,706
EQUITY AND LIABILITIES			
Share capital	12	203,240,942	50,000,000
Capital awaiting allotment	12	3,318,853	156,437,277
Retained earnings		69,396,244	37,329,005
		275,956,039	243,766,282
LIABILITIES			
Non-Current liabilities			
Financial liabilities-FVTPL	13	7,103,331	7,455,491
Interests Payable	13	1,346,382	2,237,969
		8,449,713	9,693,460
CURRENT LIABILITIES			
Financial liabilities-FVTPL	13	1,176,268	1,179,763
Interests Payable	13	1,110,397	1,252,909
Lease liability	14	175,006	-
Other payables	15	305,335	367,402
Deferred Revenue	16	19,738	19,890
		2,786,744	2,819,964
		11,236,457	12,513,424
TOTAL EQUITY AND LIABILITIES		287,192,496	256,279,706

These financial statements were approved by the Board of Directors on 24 october 2023 and signed on its behalf by:

....
Director

....
Director

AGDF CORPORATE TRUST LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Frw'000'	2021 Frw'000'
Grant income	17	7,159	1,008,443
Privatisation proceeds	18	6,340,373	901,837
Investment income	19 a)	6,682,454	5,381,040
Investment surpluses	19 (b)	15,129,890	13,781,501
Fair Value gain/loss on financial liabilities	20	(2,417)	129,642
Gain on Asset disposal	21	84,945	-
Dividends	22	6,419,894	3,388,661
Other income	23	910,889	190,657
		35,573,187	24,781,781
Employee benefits expense	24	(1,212,258)	(1,123,342)
Administrative expenses	25	(1,113,429)	(653,312)
Profit before finance cost		33,247,500	23,005,127
Interest expense	26	(1,180,259)	(1,419,890)
Profit before tax		32,067,241	21,585,237
Income tax expense	27	-	-
Profit for the Year		32,067,241	21,585,237

AGDF CORPORATE TRUST LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital Frw'000	Capital awaiting allotment Frw'000	Retained earnings Frw'000	Total Frw'000
As at 1 January 2021	50,000,000	156,437,279	13,812,393	220,249,672
•Valuation of RITCO Land	-	-	1,931,373	1,931,373
Surplus for the period	-	-	21,585,237	21,585,237
As at 31 December 2021	**50,000,000**	**156,437,279**	**37,329,003**	**243,766,282**
As at 1 January 2022	50,000,000	156,437,279	37,329,003	243,766,282
Transfer to share capital	153,240,942	(153,240,942)	-	-
Shares transferred to Horizon Group	-	(3,196,337)	-	(3,196,337)
Government Commitment	-	3,318,853	-	3,318,853
Surplus for the period	-	-	32,067,241	32,067,241
As at 31 December 2022	**203,240,942**	**3,318,853**	**69,396,244**	**275,956,039**

AGDF CORPORATE TRUST LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
Cash flows from operating activities		**Frw'000**	**Frw'000**
Profit before tax		32,067,241	21,585,237
Adjustment for:			
Depreciation on property, plant, and equipment		50,782	40,359
Amortization of intangible assets		-	7,085
Depreciation-Right-of-use assets		55,230	
Interest Expense on lease		23,638	
Interest income		(6,682,455)	(5,381,040)
Investment surplus		(15,129,890)	(13,781,501)
Impairment			
Unrealized exchange gain on Investments		(216,231)	(22,817)
Finance cost/Interest expense accrued		1,180,259	3,890
Interest expense paid		(1,274,400)	-
Leave provision		8,390	24,071
Dividend income		(6,419,894)	(3,388,661)
Fair value gain/loss on financial liability		2,417	(129,642)
Gain on asset disposal		(84,947)	-
Changes in working capital			
- Increase in other receivables	8	(5,272)	43,961
- Increase in due from related party		1,088,161	-
- Increase in trade and other payables	15	(62,066)	126,359
-Deferred revenue		(152)	-
Net cash generated from operating activities		4,600,811	(872,699)
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	3	(39,824)	(52,890)
Investment in equities	5	(8,458,384)	-
Investment in T-Bond	6	(10,600,000)	(7,500,000)
Interest income received		3,678,438	1,041,923
Matured Bonds		1,050,000	378,800
Dividend received		6,419,894	3,388,661
Investment in ST Deposits	9	(8,075,251)	(2,428,693)
Loan issued		(221,358)	(984,492)
Matured Term deposits		4,096,020	8,249,395
Net cash used investing activities		(12,150,465)	2,092,704
Cashflow from Financing activities			
Assets (investments) disposed			-
Proceed from share issued		9,169,021	1,722
Payment of lease liability		(69,552)	
Loan repayment from subsidiaries		295,201	-
Loan repayment		(1,200,000)	(1,200,000)
Net cash generated from financing activities		8,194,670	(1,198,278)
Net (decrease) /increase in cash and cash equivalents		645,016	21,727
Cash and cash equivalents at beginning of the period	10	113,553	91,826
Cash and cash equivalents at end of period	10	758,569	113,553

1. CORPORATE INFORMATION

Agaciro Development Fund was registered with Rwanda Development Board as a corporate trust fund under registration No103050268. The Fund operates in accordance with Law No 20/2013 of 25/03/2013 regulating the creation of trusts and trustees as a sovereign wealth fund wholly owned by the people of Rwanda. When the Fund was instituted, its initial assets were contributions by Rwandans at home and in diaspora, private sector, and friends of Rwanda. At the onset, collected funds were invested in T-bonds issued by the Government and with banks in fixed term deposits and in equities.

The Fund was set up to build up public savings to achieve self-reliance, maintain stability in times of shocks to the national economy and accelerate Rwanda's socio-economic development goals. Prosperity for generations of Rwandans is the core objective of the Fund.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis, except financial instruments that have been measured at fair value. The financial statements are presented in Rwandan Franc (Frw) and all values are rounded to the nearest thousand (Frw '000'), except when otherwise stated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Significant accounting judgements, estimates and assumptions.

In the process of applying the Company's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) The classification of financial assets.
b) Whether financial assets are impaired.

2. ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgments, estimates and assumptions (continued)

Impairment losses on trade and other receivables

The company reviews its trade and other receivables at each reporting date to assess whether an allowance for impairment should be recognised in profit or loss. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and may result to future changes in impairment charge.

Impairment of non-financial assets
The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is possible that taxable profit will be available against which the losses can be utilised. Significant directors' judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

i) New and amended standards and interpretations.

The Company has applied for the first-time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments applied for the first time in 2021, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Interest Rate Benchmark Reform Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendment includes the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

IFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2023.

Background
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts.
In June 2020, the IASB issued amendments to IFRS 17. These amendments included changing the effective date to 2023.
In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 to analyse implementation- related questions. The TRG met four times and while no further meetings have been scheduled, the TRG submission process remains open for stakeholders to send in questions they believe meet the TRG submission criteria.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period.
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet,
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense,
- A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses,
- Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Transition

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial *Instruments* on or before the date it first applies IFRS 17.

The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

- *Modified retrospective approach* - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application
- *Fair value approach* - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date)

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

Impact

IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models.

Key performance indicators will also likely be affected.

Finalisation of the amendment to IFRS 17

In December 2021, the IASB amended IFRS 17 to add a transition option for a "classification overlay" to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies IFRS 17 (i.e., from transition date to the date of initial application of IFRS 17).

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In May 2020, the IASB issued *Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (the 1989 Framework) with a reference to the current version issued in March 2018 (the *Conceptual Framework*) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately.
The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.
At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Transition

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the *Amendments to References to the Conceptual Framework in IFRS Standards* (March 2018).

Impact

The amendments are intended to update a reference to the *Conceptual Framework* without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the *Conceptual Framework* in use.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Effective for annual periods beginning on or after 1 January 2022

Key requirements

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Transition

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for first-time adopters.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Transition

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Impact
The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 *Construction Contracts*, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities', but we believe that guidance in IFRS 15 *Revenue from Contracts with Customers* will be relevant.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Key requirements
The amendments address the conflict between IFRS 10 Consolidated *Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.
The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Classification of Liabilities as Current or Non- current - Amendments to IAS 1
Effective for annual periods beginning on or after 1 January 2024.

Key requirements
In January 2020 and October 2022, the Board issued amendments to IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'
The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.
Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.
In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or on- current.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

Impact

The combined impact of the 2020 amendments and the 2022 amendments will have implications for entities applying them. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2023.

Key requirements

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.
The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

And

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material'

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.
In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.
Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.
The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Transition

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.
Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

Impact

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.
Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

Effective for annual periods beginning on or after 1 January 2023.

Key requirements

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates.
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.
The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Transition

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Impact

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

Effective for annual periods beginning on or after 1 January 2023.

Key requirements

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle
a liability is deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability
(Or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective for annual periods beginning on or after 1 January 2024.

Key requirements

In September 2022, the Board issued *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16).

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller- lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

Transition

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted, and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

Improvements to International Financial Reporting Standards

Key requirements

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.

2018-2020 cycle (issued in May 2020)

The following is a summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Subsidiary as a first-time adopter

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

IFRS 9 *Financial Instruments*

1 January 2022. Earlier application is permitted.

Fees in the '10 per cent' test for derecognition of financial liabilities

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

i) New and amended standards and interpretations (Continued)

IAS 41 Agriculture - Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41
- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

ii) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice.

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (Continued)

ii) Standards issued but not yet effective (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies

a) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates (Frw) prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Grant income

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.

Grant income consist of voluntary contributions from the Central Government, Rwandan citizens in Rwanda, Rwandan citizens abroad, private companies and other contributions.

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

c) Dividend revenue

Dividend revenue is recognised on the date when the Fund's right to receive the payment is established. Dividend revenue is presented gross as AGDF is exempted from corporate income tax.

d) Interest revenue and expense

Interest revenue is recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

e) Property, plant, 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 Frw 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 recognized 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

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

f) *Related party transactions*

AGDF Corporate Trust Limited is a Company limited by shares established on 01 August 2013. The Company was initially financed through donations from the Government of Rwanda as well as Rwanda Citizens. This has changed to include active management of equity investment received from the Government of Rwanda. The transaction with related party includes: RSSB on bond issued which is disclosed under note 13, Rwanda Interlink Transport Company (RITCO), Kinazi Cassava Plant (KCP) and Rwanda Farmers Coffee Company ltd which are disclosed under note 6 respectively.

Cash transactions with BK Group Plc and National Bank of Rwanda are disclosed below:

	31-Dec-2022	31-Dec-2021
	Frw'000	Frw'000
Cash at Bank		
Bank of Kigali Plc	105,906	453,241
National Bank of Rwanda	3,457	3,224
	109,363	456,465

g) Financial instruments

i) Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)
g) Financial instruments
i) Financial assets(continued)

Financial assets measured at fair value through profit or loss (FVPL)
A financial asset is measured at fair value through profit or loss if:
(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell;

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
The Fund includes in this category:

Equity instruments: Included within equity instruments are investments in subsidiaries and associates:
Investment in subsidiaries: in accordance with the exception under IFRS 10, the Fund does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities.
The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at FVPL.
Investment in associates: In accordance with the exemption in IAS 28 Investments in Associates and Joint Ventures, the Fund does not account for its investments in associates using the equity method. Instead, the Fund has elected to measure its investments in associates at FVPL.
Debt instruments.
These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred and/or expected to occur after the initial recognition of the asset (an expected 'loss event') and that loss event has and/or will have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors has experienced or 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 or there will be a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)
g) Financial instruments
ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities at amortized cost, minus directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdraft, loans and interest-bearing borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Equity instruments

The Company subsequently measures all equity investments at fair value through profit or loss. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Derecognition

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 A gain or loss from the original financial liability is recognised in the profit or loss.

h) Employee benefits

Retirement benefit costs
The company contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 5.3% of the employees' gross salary. The Company's RSSB contributions are charged to the statement of comprehensive income in the period to which they relate.

i) Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts.

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

j) Leases

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognises a right of use the asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee , except for short term lease (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. This rate cannot be readily determined, the company uses the its borrowing rate.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest and by reducing the carrying amount to reflect the lease payments made.

Right -of -use assets comprise the initial measurement of the corresponding lease liability, lease payment made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right -of -use assets are presented as a separate line in the statement of financial position.

k) Write off

The company directly reduces the gross carrying amount of an financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write off constitutes a derecognition event.

The financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amount due. Loan which are written off are therefore not forgiven. Appropriate measures are subsequently undertaken to maximise recovery from these accounts except where the anticipated costs of recovery exceed the amounts expected to be recovered and therefore considered cost ineffective.

3 (a) PROPERTY, PLANT AND EQUIPMENT

31 December 2022

	Equipment, furniture, and fittings	ICT equipment	Motor vehicles	Total
	Frw'000	Frw'000	Frw'000	Frw'000
COST				
At 01 January 2021	125,689	203,811	17,512	347,012
Additions	-	39,824	-	39,824
At 31 December 2022	125,689	243,635	17,512	386,836
DEPRECIATION				
At 01 January 2022	120,031	138,502	17,512	276,045
Charge for the year	3,715	47,067	-	50,782
At 31 December 2022	123,746	185,569	17,512	326,827
NET BOOK VALUE				
At 31 December 2022	1,943	58,066	-	60,009

3 (a) PROPERTY, PLANT AND EQUIPMENT

31 December 2021

	Equipment, furniture, and fittings	ICT equipment	Motor vehicles	Total
	Frw'000	Frw'000	Frw'000	Frw'000
COST				
At 01 January 2021	122,449	154,160	17,512	294,121
Additions	3,240	49,651	-	52,890
At 31 December 2021	125,689	203,811	17,512	347,011
DEPRECIATION				
At 01 January 2021	115,474	102,700	17,512	235,686
Charge for the year	4,557	35,802	-	40,359
At 31 December 2021	120,031	138,502	17,512	276,045
NET BOOK VALUE				
At 31 December 2021	5,658	65,309	-	70,966

4. Right -of-use Assets

	2022	2021
	Frw"000	Frw"000
Right of using assets at 1 January 2022	220,920	-
Depreciation expense during the year	(55,230)	-
At 31 December 2022	165,690	-

The right of use assets comprises leases in respect of space (offices) for the company own use.

5. FINANCIAL ASSETS AT FVTPL; EQUITIES

Gatsibo Rice company Ltd	-	283,350
Kirehe Rice Company Ltd	1,016,196	482,884
Rwanda Gaming Corporation	-	-
Shagasha Tea Company Ltd	153,185	129,882
Mayange Rice Company Ltd	437,246	440,336
RFCC (Rwanda Farmers Coffee Company) Ltd	774,807	575,547
Rwanda Stock Exchange (RSE) Ltd	238,615	294,363
Ritco (Rwanda Interlink Transport Company)	3,152,206	2,740,698
AOS (Africa Olleh Services) Ltd	-	2,561,312
BSC (Broadband Systems Corporation) Ltd	10,330,217	12,631,103
KTRN (Koreah Telecommunication Rwanda Networks)	2,147,212	3,062,317
Rwanda Printing and Publishing Company (RPPC) Ltd	-	230,225
Kinazi Cassava Plant	626,421	694,303
Africa Improved Food	716,916	1,223,899
Gisovu Tea Company	1,873,615	4,578,441
Prime Economic Zones	2,697,140	1,308,956
BK Group Plc	53,972,198	49,644,650
Cimerwa Limited	13,920,523	13,938,109
Sonarwa General Insurance Company Limited	45,885	26,149
Development Bank of Rwanda	72,696,221	61,249,708
GT Bank (Rwanda) Plc	1,759,439	1,124,630
Mara Phone ltd	-	10,776
Rwanda National Investment Trust Ltd	947,365	850,488
I&M Bank Rwanda Plc	1,199,184	1,254,960
World vu satellites	645,995	609,131
Rwanda fertilizers company Ltd	1,055,531	1,321,413
Irembo	19,586,315	15,902,381
Multisector Investment Company (MIG)	-	228,381
Mushubi Tea Company	-	116,969
Ngali Holdings Ltd	2,972,639	2,972,510
Rwanda Printery Company (RPC)	3,876,929	2,928,743
Commitment for GoR to Compensate Gasabo 3D transferred	3,318,853	3,318,853
East and Southern African Trade & Development Bank (TDB)	9,664,666	-
	209,825,519	186,735,467

The Company has classified and measured all their financial investments, including debt and equity instruments at fair value through profit or loss on adoption of IFRS 9 and in accordance with amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities. Being a wealth fund, performance can only be measured if all investments are at fair value. The company disposed off the shares in Gatsibo Rice company Ltd, Multisector Investment Company (MIG) and Mushubi Tea Company. The dividends received in respect of these investments, whenever applicable, are disclosed in Note 22.

5. FINANCIAL ASSETS AT FVTPL; EQUITIES (Continued)

Equity share granted from LEAF4Life
LEAF4Life LLC is a subsidiary of LEAF Holdings Group. It is a limited liability company formed on 26 September 2018 with its registered office in the State of Delaware, Corporate Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. Its mission is to discover, develop, manufacture and commercialize innovative and safe medicines, in particular, medicines that target high unmet medical needs arising from the complications of hypoxia (oxygen deprivation). LEAF4Life LLC wants to make these treatments available to patients across the globe, including emerging economies.
LEAF4Life LLC is owned by Clet Niyikiza, PhD with 1,162.5 units representing 93% and AgDF with 87.5 units representing 7%. On 29 January 2019, AgDF was gifted with this 7% ownership stake by Clet Niyikiza and no consideration was paid for it. AgDF did not include in the financials for the period ended December 2022 the value of this grant because there are some missing legal documents confirming the full ownership of these shares in LEAF4Life.The management is following up to have these granted shared registered in the name of company.

6.	Financial assets at FVTPL; Treasury Bonds	2022 Frw'000	2021 Frw'000
	Government Treasury bonds	34,696,676	24,723,448
	Corporate bonds-CVL	4,081,996	4,099,590
	Corporate bonds-Energicotel	520,868	584,021
	Total Financial assets at FVTPL	**39,299,540**	**29,407,059**
6a)	Government treasury bonds		
	Opening balance	22,350,600	15,715,486
	Matured	(1,000,000)	(392,714)
	Additions	10,600,000	7,027,828
	Fair value gain	1,793,509	1,717,970
		33,744,109	24,068,570
	Accrued interest	952,567	654,878
		34,696,676	24,723,448
6b)	Corporate Bonds (CVL)		
	Opening balance	3,500,000	3,500,000
	Fair value gain	195,746	214,590
		3,695,746	3,714,590
	Accrued interest	386,250	385,000
		4,081,996	4,099,590

6c)	Corporate Bonds (Energicotel)	2022 Frw'000	2021 Frw'000
	Additions	500,000	500,000
	Repayment	(50,000)	-
	Fair value gain	43,160	53,423
		493,160	553,423
	Accrued interest	27,708	30,598
		520,868	584,021

The amount on the treasury bonds and corporate bonds have fixed and determinable payments and measured at fair value by discounting expected cash flow in form of coupon using the yield rates availed by the National Bank of Rwanda.

7. AMOUNTS DUE FROM RELATED PARTY

	2022 Frw'000	2021 Frw'000
7 a) Non-current		
Kinazi Cassava Plant	87,951	55,730
Rwanda Interlink Transport Company (RITCO)	2,564,258	2,845,404
Maraphones Rwanda Ltd	-	984,492
Rwanda Farmers Coffee Company	187,851	-
Total Long-term due from related parties	**2,840,060**	**3,885,626**
Kinazi Cassava Plant	62,300	62,300
Additions	42,595	-
Fair value gain/loss	(7,413)	(12,411)
Loan Repayment	(10,695)	-
Accrued interest	1,164	5,841
	87,951	55,730
Rwanda Interlink Transport Company (RITCO)	2,841,373	910,000
Additions	-	1,931,373
Loan repayment	(295,201)	-
Accrued Interest	23,340	-
Fair value gain/loss	(5,254)	4,031
	2,564,258	2,845,404
Maraphones Rwanda Ltd	984,492	984,492
Additions	15,508	-
Written off	(1,00,000)	984,492
Rwanda Farmers Coffee Company		
Loan to RFCC	187,851	-
Rwanda Gaming Corporation		
Loan to RGC	18,000	-
Written off	(18,000)	-

The company has written off the loan given to Mara phone and Rwanda Gaming Corporation due to their going concern which were questionable and basing on current status of the companies, given that there were no expectations of recovering the loan in its entirety or a portion thereof. In this case a write off has constituted a derecognition event.

The loan which was written off could still be subject to enforcement activities to comply with the company's procedures for recovery of amount due. Loan which are written off are therefore not forgiven. Appropriate measures are subsequently undertaken to maximise recovery from these accounts except where the anticipated costs of recovery exceed the amounts expected to be recovered and therefore considered cost ineffective.

7b) Current portion of the amount due from related parties	2022 Frw'000	2021 Frw'000
Kinazi Cassava Plant	-	42,595
AOS (Africa Olleh Services) Ltd	-	944
	-	43,539

Amount due from Rwanda Interlink Transport Company (RITCO) relates to an advance of Frw 910 million made in December 2020 to clear taxes on purchase of new buses and Frw 1.9billion for Government contribution on Land and building converted into loan.

Amount due from Kinazi Cassava Plant relates to loan and advance given to purchase spare parts.

Amount given to Rwanda Farmers Coffee Company and Rwanda Gaming Corporation were given as loan.

7b) Current portion of the amount due from related parties (Continued)

GOR has invested preference shares equivalent to USD 7,530,000 non-voting redeemable shares in AOS (Africa Olleh Services) Ltd. The shares represent the value amount of assets GOR transferred to Africa Olley Services Ltd (AOS). The existing non-voting shares of Government of Rwanda were revalued at FRW 887, equivalent to FRW 6,817,637,610.

The shares are redeemable at par at the earlier of when the company has sufficient distributable earnings to redeem at least the portion of the outstanding preference shares; or on the expiration of the project term; or on mutual agreement by the parties to terminate the shareholder agreement.
Given the conditions attached to these preference shares of distributing dividends once Africa Olley Services Ltd (AOS) has sufficient distributable earnings, and considering the performance of AOS, management assessment is that there is little possibility that Africa Olley Services Ltd (AOS) will be able to pay by due date (agreement is going to expire in 2023).

Agaciro Development Fund has also invested in KT Rwanda Networks Ltd preference shares equivalent to Frw 74,081,005,209. The preference shares do not have voting rights and are not convertible into common shares unless otherwise agreed by both shareholders. The shares are redeemable at per at earliest of when the company has sufficient distributable earnings.
Given the performance of KT Rwanda Networks Ltd, management has assessed that there is little possibility that KT Rwanda Networks Ltd will be able to pay by due date.

8. OTHER RECEIVABLES

	2022 Frw'000	2021 Frw'000
Security and rental cost (RSSB)	11,592	11,592
Employee Advance	332	332
Sonarwa Insurance	1,821	6,329
Prepaid of Staff Insurance	14,278	15,152
Co-ownership vehicle	46,790	36,158
Interest on Bond receivable from National Bank of Rwanda	2,620	2,719
Bank of Kigali	121	-
	77,554	72,282

Trade and other receivables are non-interest bearing and are generally on short term period of 30 to 90 days and are expected to be recovered within twelve months after the reporting date.

9. SHORT TERM DEPOSITS

	2022 Frw'000	2021 Frw'000
As at 1 January	26,571,662	30,821,628
Additions	8,075,251	2,430,232
Maturity	(2,685,534)	(6,680,197)
Interest accrued	1,612,987	1,480,562
Impairment on fixed term deposits	(196,310)	(177,891)
At 31 December 2022	33,378,056	27,874,334

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

10. Cash and cash equivalents

	2022 Frw'000	2021 Frw'000
Cash in hand	57	62
Cash at Bank	785,511	113,491
	758,568	113,553

11. Non-Current asset held for sale

The non- current asset held for sale of Frw 787,500,000 related to Imvaho nshya and archive that was in Rwanda Printing and Publishing Company (RPPC). In November 2022, RPPC has decided to buy the 30% shares of Agaciro excluding the value of Imvaho Nshya as this is the National heritage and patrimony of the Government.The transaction has been materialized in December 2022. According to IFRS 5, the management has decided to classify this asset as non-current asset held for sale after analyzing all conditions related as per the standard.

12. Share capital

	2022 Frw'000	2021 Frw'000
Authorized issued share capital	203,240,942	50,000
Capital awaiting for allotment	3,318,853	156,437,277

- In 2018, Government of Rwanda transferred its equity investments in different companies to AgDF Corporate Trust ltd. These investments have been accounted for as an investment and capital awaiting allotment. During this reporting period, the share capital has increased due to conversion of Frw 153bn from capital awaiting allotment into share capital in agreement with Ministry of Finance and Economic Planning.
- In 2022, the Ministry of Finance and Economic Planning decided to transfer Gasabo 3D to Horizon and the Ministry accepted to compensate the company for Gasabo 3D that was in its portfolio.
  This compensation will be in the form of GoR's shares in other companies worth the value of Gasabo 3D by the time of its transfer to Horizon Group.

13. Corporate bonds payable and other payables

	2022 Frw'000	2021 Frw'000
Non -Current liabilities		
RSSB Corporate Bonds payable	7,103,331	7,455,491
Interest payable	1,346,382	2,237,969
	8,449,713	9,693,460
Current liabilities		
RSSB Corporate Bonds payable	1,176,268	1,179,763
Interest payable	1,110,397	1,252,909
	2,286,665	2,432,672

14. Lease Liability

	2022 Frw'000	2021 Frw'000
Lease liability at 1 January 2022	220,920	-
Interest Expense (recognized in the P&L)	23,638	-
Repayment during the year	(69,552)	-
At 31 December 2022	175,006	-

		2022	2021
15.	Other payables	Frw'000	Frw'000
	Accrued audit fees	9,975	9,975
	Accrued leave	55,301	73,016
	Other accruals	32,297	118,344
	VAT	13,331	13,623
	Withholding tax payable	18,923	6,773
	PAYE	27,744	27,341
	RSSB	3,404	4,463
	Performance Bonus	2,266	60,678
	Elite digital Rwanda	37,701	-
	Cimerwa Plc	-	53,189
	EHA Advisory Ltd	104,393	-
		305,335	367,402
16.	Deferred Revenue		
	Deferred revenue from Commercial paper	19,738	19,890

This is from Horizon Commercial paper. AGDF invested Frw 890 million in Horizon Commercial Paper and received advance interest which is amortized over a period of commercial paper as at 31 December 2022, deferred revenue balance was Frw 19.7 million.

17. Contributions to Agaciro Development fund

	2022 Frw'000	2021 Frw'000
Contributions from the Government of Rwanda	-	1,000,000
Civil servants	1,494	3,538
Individual citizens	2,778	3,208
Business employees	2,887	1,546
Non-governmental Organizations	-	100
Cooperatives	-	51
	7,159	1,008,443

Contributions to the fund were based on voluntary donations from the Government of Rwanda, Rwandan citizens in Rwanda, Rwandan citizens abroad and private companies and Friends of Rwanda. There were no restrictions on these contributions. The Government of Rwanda in March 2020 stopped receiving contribution from Rwandans. Currently individual contributions received are voluntary.

18. Proceeds from Privatization

	2022 Frw'000'	2021 Frw'000'
Inyange Industry	264,467	450,000
Rubis Energy	52,736	50,893
Nshili Kivu Tea Plant	168,644	97,805
Mageragere Incinerator	160,800	-
Uzima Chicken Ltd	30,000	30,000
Sogetti	10,950	10,630
Triseeds Company Ltd	-	100,000
African solutions/Burera Dairy	97,500	22,500
EDCL	1,182,016	36,992
Gift Rwanda	121,839	-
Proceeds collected by MINECOFIN	559,115	-
Abax Corporate Sces ltd	3,217,728	-
Pailotte ltd	150,241	-
Rural Energy Promotion Sarl	43,214	-
Recovery from I&M Bank	5,309	-
Aquahort Expert Ltd	24,536	5,000
Africa energy Rwanda ltd	251,278	98,017
Total	6,340,373	901,837

AGDF Corporate Trust Ltd is responsible for management of all proceeds from sale of Government properties to private investors comprising State Owned Enterprises, houses, land and equipment. The amount stated above is the total collection received from privatization proceeds for the period ended December 2022

19 (a) Investment Income

	2022 Frw'000'	2022 Frw'000'
Interest income on short term investments	2,409,752	2,405,430
Commercial paper	110,152	111,540
Remunerating Accounts	58,132	68,445
Interest income on Treasury-Bond	3,330,260	2,304,186
Interest income on Corporate Bond (CVL)	456,250	455,000
Interest income on Corporate Bond (ENERGICOTEL)	64,141	30,598
Interest income on Subsidiary loans	226,838	5,841
Interest income on Deposit (BK Capital)	26,929	-
	6,682,454	5,381,040

19 (a) Investment Income (Continued)

Interest income relates to income earned from investment in treasury bond, corporate bond, short-term deposits, commercial paper, remunerating accounts, and subsidiary loans during the year.

19 (b) Investment Surplus	2022 Frw'000'	2021 Frw'000'
Fair value gain on revaluation of Equities (RNIT)	96,876	86,001
Fair value gain on revaluation of Treasury Bonds	75,539	315,676
Fair Value gain on revaluation of I&M Equities	(55,776)	250,992
Fair value gain on revaluation of CVL Bonds	(18,844)	(43,256)
FV Gain/Loss on Loan to RITCO	(9,286)	4,031
Impairment of Term Deposit	(18,419)	25,270
Fair value loss on revaluation of Equities (BK)	4,169,970	3,375,836
FV Gain/Loss- Corporate Bond-ENERGICOTEL	(10,263)	53,423
FV Gain/Loss on Loan to Kinazi	4,998	(12,411)
FV Gain on Gasabo 3D transfer	(122,518)	331,595
FV Gain/Loss on East and Southern African Trade & Development Bank (TDB)	1,240,503	-
FV Gain/Loss on investment in BK Capital	31,497	-
FV Gain/Loss- Kirehe Rice Company Ltd	533,311	6,026
FV Gain/Loss- Mayange Rice Company Ltd	(3,090)	65,776
FV Gain/Loss- Rwanda Gaming Corporation	-	(214,835)
FV Gain/Loss- Rwanda Stock Exchange	(55,748)	85,727
FV Gain/Loss- RFCC Ltd	199,260	274,731
FV Gain/Loss- Gatsibo Rice Company Ltd	-	(60,345)
FV Gain/Loss-Shagasha Tea Company Ltd	23,303	11,602
FV Gain/Loss- RITCO	411,507	174,458
FV Gain/Loss- AOS (Africa Olleh Services) Ltd	(2,561,312)	595,215
FV Gain/Loss- BSC Ltd	(2,300,885)	168,516
FV Gain/Loss- KT Rwanda Networks Ltd	(915,106)	(1,106,079)
FV Gain/Loss- RPPC Ltd	782,982	60,679
FV Gain/Loss- Kinazi Cassava Plant Ltd	(67,882)	35,411
FV Gain/Loss- Africa Improved Food	(506,983)	218,290
FV Gain/Loss- Gisovu Tea Company	(2,704,824)	171,012
FV Gain/Loss- Prime Economic Zones	1,388,184	(1,117,221)
FV Gain/Loss- Cimerwa	(495)	-
FV Gain/Loss- Sonarwa	(14,484)	2,142
FV Gain/Loss- Development Bank of Rwanda	11,446,515	9,859,155
FV Gain/Loss- GT Bank	634,809	388,137
Fair Value loss on Revaluation of Mara Phones	(10,776)	(189,707)
FV Gain/Loss- Irembo	3,683,935	416,534
FV Gain/Loss- Multisector Investment Company	-	(992,658)
FV Gain/Loss- Mushubi Tea Company	-	(86,601)
FV Gain/Loss- Ngali Holdings Ltd	129	(1,054,040)
FV Gain/Loss- Rwanda Fertilizers Company (RFC)	(265,882)	(1,152,588)
FV Gain/Loss- Rwanda Printery Company (RPC)	948,185	678,127
Revaluation gain on non-current asset held for sale	118,960	2,156,880
Impairment Gain/Loss- Loans written off	(1,018,000)	-
Total fair value gain	15,129,890	13,781,501

19 (b) Investment Surplus (Continued)

The fair valuation of the investments in companies was carried out and the gain or loss reported represent the differences between the carrying value and fair value.
The fair value gain or losses on investments relates to the revaluation of equity investments are reported in profit or loss.

		2022	2021
		Frw'000	Frw'000
20.	Revaluation gain-Corporate Bond RSSB	(2,417)	129,642

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss. The amount on the Corporate Bonds have fixed and determinable payments and measured at fair value by discounting expected cash outflow in form of coupon using the yield rates availed by the National Bank of Rwanda at 31 December 2022.

		2022	2021
21.	Gain on Assets Disposed		
		Frw'000	Frw'000
	Multisector Investment Group	40,221	-
	Gatsibo rice company	36,778	-
	Umubano hotel	7,946	-
		84,945	-
22.	Dividends		
	Bank of Kigali	5,696,349	2,859,452
	I&M Bank	33,134	33,466
	Prime Economic Zones	65,609	-
	Rwanda Stock Exchange	15,000	20,000
	Gisovu Tea Company	462,146	443,051
	Mayange rice company	29,887	-
	Kirehe rice Company	63,500	32,694
	Broad Band System Corporation (BSC)	54,269	-
	Total	6,419,894	3,388,663
23.	Other income		
	Foreign Currency Exchange gain	179,368	409
	Exchange gain on Equities (Oneweb)	36,864	22,408
	Other miscellaneous income	694,657	167,840
		910,889	190,657

The exchange gain on Equities related to investment in One web and bank balances in USD which were translated to Rwandan francs at the year-end using BNR average rate as at 31st December 2022.

		2022	2021
24.	Employee benefits expense		
		Frw'000'	Frw'000'
	Salaries and wages	671,976	669,301
	Leave pay	8,390	24,071
	Contributions to Rwanda Social Security Board	31,658	31,532
	Medical Insurance	44,759	53,455
	Lampsum	342,843	207,966
	Performance Bonus	-	58,415
	Co-ownership vehicle	42,966	11,703
	Staff Pension Scheme	69,666	66,899
		1,212,258	1,123,342

25. Administrative expenses

	2022 Frw'000'	2021 Frw'000'
Advertisement and publicity	18,458	6,427
Audit Fees	19,214	19,214
Board Sitting allowances	56,700	18,654
Corporate social responsibility	129,878	7,246
Depreciation and amortization	50,781	47,444
Amortization of right-of-use asset	55,230	-
Interest on lease liability	23,638	-
Group insurance	12,347	11,763
International per diem	22,634	9,298
International transport	23,201	-
Internet cost	18,270	12,193
Maintenance and repairs of Network infrastructure	-	6,646
Maintenance and repairs of Vehicle and office Equipment	2,133	-
Membership to International and local organizations	28,398	28,288
Office Rent	-	69,552
Office cleaning	25,307	35,317
Office supplies	15,756	20,560
Other commission	3,007	6,686
Printing and stationery	5,004	7,793
Security	16,544	25,630
Staff retreat	12,657	13,585
Support to TASCO	176,877	36,881
Technical assistance remuneration	219,733	170,482
Telephone Expenses	18,712	19,327
Training Fees	42,435	29,312
Water and Electricity	12,932	15,043
Other administrative expenses	103,583	35,971
	1,113,429	653,312

26. Finance cost

Finance cost	1,180,259	1,419,890

These are interests related to Corporate Bond offered to RSSB.

27. INCOME TAX EXPENSE

The organization is exempted from income tax as per the income tax law, Article 39 Paragraph 7 on exemption from corporate income tax.

28. Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:

i. Market risk
ii. Credit risk
iii. Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.
Market price risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investments.

a) Price risk

Equity price risk arises from FVPL equity securities held. Management of the Company monitors equity securities in its portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

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).

If prices in the RSE changed by +/-5%, the effect on the Surplus for the period is as follows:

As at 31 December 2022		
Rwanda Stock Exchange	+/-5%	+/-3,455,465 (Frw'000)
As at 31 December 2021		
Rwanda Stock Exchange	+/-5%	+/-3,241,876 (Frw'000)

The sensitivity rate derived from the experience of the change in values of the Bank of Kigali, Cimerwa and I&M bank equities during the past five years

28. Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(b) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The table below summarises the company's assets, which are denominated in USD:

	As at 31 Dec 2022 Frw'000	As at 31 Dec 2021 Frw'000
Investment in One Web Satellite	645,995	609,131
East and Southern Africa Trade & Development Bank	9,664,666	-
Investment in Bk Capital	3,212,137	-
	13,522,798	609,131

The table below summarises the sensitivity of the Company's assets to changes in foreign exchange movements at 31 December 2022. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table below, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	Dec 2022 (Decrease)/Increase in profit before tax			Dec 2021 (Decrease)/Increase in profit before tax		
	Change in exchange rate %	Weakening in functional currency Frw '000'	Strengthening in functional currency Frw '000'	Change in exchange rate %	Weakening in functional currency Frw '000'	Strengthening in functional currency Frw '000'
US dollar	5	(216,232)	216,232	5	(22,818)	22,818

c) Cash flow and interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments.

The company ensures that its investments are held primarily at fixed interest rates to avoid fluctuations in earnings due to change in interest rates though they are exposed to fair value changes.

28. Financial risk management objectives and policies (continued)

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

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 Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Cash at bank;
- Short term deposits;
- Financial assets - FVTPL (Equities);
- Financial assets - FVTPL (Bonds)
- Amount due from related parties (Loan)

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

	31-Dec-2022	31-Dec-2021
	Frw'000	Frw'000
Short term deposits	33,378,056	27,874,333
Cash at bank	758,568	113,553
Financial assets - FVTPL (Equities)	209,825,519	186,735,467
Financial assets - FVTPL (Bonds)	39,299,540	29,407,059
Amount due from related parties	2,797,465	3,929,165
Other receivables	77,554	72,282
	286,137,702	248,131,859

From the assets above, AGDF issued 20.1billion to Rwanda Security Board as security on corporate bond issued in April 2020.
In addition to this, Agaciro Development Fund (AgDF) issued corporate guarantees to three (3) portfolio companies: Kirehe Rice Company Ltd (KRC), Rwanda Interlink Transport Company Ltd (RITCO) and Broadband Systems Corporation Ltd (BSC).

1. Kirehe Rice Company Ltd (KRC)

The corporate guarantee issued to KRC, was for Bank of Kigali loan of Frw 630,000,000. This loan was for the purchase of paddy rice from cooperatives of rice farmers. The paddy rice is considered as their raw material.

Bank	Type of loan	Loan amount in Frw	Loan purpose	Loan term	Starting date	Current status
Bank of Kigali	Cash credit line	630,000,000	Purchase of paddy rice	Twelve (12) months	22 July 2022	The final repayment was done on 23 February 2023.

2. Rwanda Interlink Transport Company Ltd (RITCO)

RITCO is a transport company and AgDF's stake is 52%.

The corporate guarantees issued were for Bank of Kigali loans of Frw 3,289,185,102 for purchase of fifty (50) buses in July 2019.

Bank	Type of loan	Loan amount	Loan purpose	Loan term	Current status
Bank of Kigali	Long term Loan	Frw 3,289,185,102	Purchase of 50 buses	30 September 2020 - 31 January 2024	The final repayment will be in January 2024.

3. Broadband Systems Corporation Ltd (BSC)

BSC is a licensed Internet Service Provider (ISP) engaged in the business of providing advanced Information and Communication Technology (ICT) services based on broadband connectivity. BSC is 100% owned by AgDF.
The corporate guarantee issued was for a Bank of Kigali facility of Frw 300,000,000. BSC bids for tenders to provide ICT services. The purpose of this guarantee was for Bank of Kigali to issue guarantees on behalf of BSC to its customers. Those guarantees, issued with no cash collateral requirement, are in the form of performance security, bid security, advance payment security and other types of securities requested by BSC customers.

Bank	Type of loan	Loan amount in Frw	Loan purpose	Loan term	Comment
Bank of Kigali	Credit facility	300,000,000	BSC customers securities	26 April 2022- 25 April 2023	Commissions of 3% on bank guarantees issued by Bank of Kigali to BSC customers are calculated on quarterly basis and charged to BSC.

Fair Value Measurement

The table below analyses financial instruments carried at fair value, by valuation method. 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:

31-Dec-2022	Carrying amounts	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets	Frw'000	Frw'000	Frw'000	Frw'000
FVPL -Quoted securities	69,091,905	69,091,905	-	-
FVPL - Unquoted securities	140,733,615	-	-	140,733,615

31-Dec-2021	Carrying amounts	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets	Frw'000	Frw'000	Frw'000	Frw'000
FVPL - Quoted securities	64,837,719	64,837,719	-	-
FVPL - Unquoted securities	121,897,748	-	-	121,897,748

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Rwanda Securities Exchange ("RSE"). Equity investments traded in the RSE, and government bonds are classified as available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The company has utilised a mix of methods to determine the fair value of the unquoted securities. Use of comparable trading multiples in arriving at the valuation. Management determines comparable public companies(peers) based on industry, size, developmental stage and strategy. Management then calculates a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortisation (EBITDA). The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on company-specific facts and circumstances.

The company has also valued other investments using the net present value of estimated future cash flows. For these the company has also considered other liquidity, credit and market risk factors, and adjusted the valuation models as deemed necessary.

(iii) Liquidity risk

Liquidity risk is the risk that the business will encounter difficulty in raising funds to meet commitments associated with financial instruments and insurance liabilities.

28. Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

The Company monitors its daily cash flow requirements and optimizes its cash return on investments by immediately investing any excess cash on hand. 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 cash from return on investments 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 'Frw
At 31 December 2021	
Other Payables	367,402
At 31 December 2022	Less than 1 year 'Frw
Other payables	305,336

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.

The entity is not subject to any external capital requirements.

Critical accounting estimates and judgements

In the process of applying the company's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

Offsetting financial assets and financial liabilities

The Fund presents the fair value of its derivative assets and liabilities on a gross basis, no such assets or liabilities have been offset in the statement of financial position.

29. Events after the reporting date

There are no material events after the reporting date that would require adjustments to, or disclosure in, to these financial statements as required by IAS 10 - "Events after reporting date".