

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED OFFICE

AGACIRO DEVELOPMENT FUND 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

GT Bank PLC  
P.O. Box 331  
Kigali, Rwanda

Access Bank PLC  
P.O Box 2059  
Kigali, Rwanda

Letshego  
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

Umwarimu 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



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors submit their report and the audited financial statements for the year ended 31 December 2019 which show the state of the company's affairs.

1. PRINCIPAL ACTIVITIES

Agaciro Development Fund 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.

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

2. RESULTS

The results for the year are set out on page 8.

3. DIRECTORS

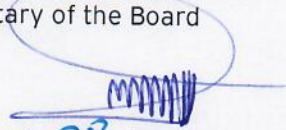
The directors who served during the year and to the date of this report were:

Mr Sanjeev Anand	Acting Chairperson
Mr Scott Ford	Member
Mrs Sandra Rwamushaija	Member
Mrs Francoise Kagoyire	Member
Mr Robert Bayigamba	Member
Mr Jack Kayonga	Secretary: Resigned on 9 March 2020
Mr Patrick Shyaka Marara	Secretary: Appointed on 10 March 2020

4. Auditors

Ernst & Young Rwanda Limited were appointed as auditors of the company commencing 2019 in accordance with the entity's requirements and have expressed willingness to continue in the office.

By Order of the Board  
Secretary of the Board

  
19/08/2020





AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Law No: 17/2018 of 13/04/2018 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: 17/2018 of 13/04/2018 relating to Companies. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its 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

19/08 / .....2020  
Date

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

REPORT ON THE AUDITED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Agaciro Development Fund Corporate Trust Limited, which comprise of the statement of financial position as at 31 December 2019, the statement of profit or loss, statement of changes in equity, and statement of cash flows for the year ended 31 December 2019 and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 37.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Agaciro Development Fund Corporate Trust Limited as at 31 December 2019, and its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of Law No. 17/2018 Of 13/04/2018 relating to companies.

BASIS FOR OPINION

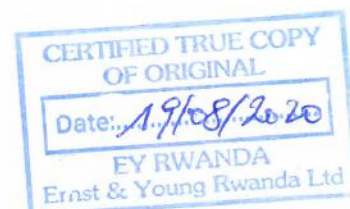
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Agaciro Development Fund Corporate Trust Limited. 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 Directors' Report as required by Law No. 17/2018 Of 13/04/2018 relating to 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.







Building a better  
working world

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

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The company's directors 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 the Law No. 17/2018 Of 13/04/2018 relating to companies, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting processes.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Law No. 17/2018 Of 13/04/2018 relating to 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 account 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.



Allan Gichuhi  
For Ernst & Young Rwanda Limited

.....19/08/2020

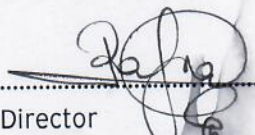


# AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 Rwf'000'	2018 Rwf'000'
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Property, Plant and Equipment	3 (a)	76,471	133,791
Intangible Assets	3 (b)	171,490	178,732
Financial assets-FVTPL (Equities)	4	153,328,857	142,488,085
Financial assets-FVTPL (Bonds)	5	9,937,760	9,462,795
Amount due from related parties	6 (b)	<u>910,000</u>	<u>-</u>
		<u>164,424,578</u>	<u>152,263,403</u>
<b>CURRENT ASSETS</b>			
Amount due from related parties	6 (b)	87,615	-
Other Receivables	7	110,167	37,177
Short term Investment	8	32,937,494	31,480,255
Cash and cash equivalents	9	<u>1,737,964</u>	<u>363,464</u>
		<u>34,873,240</u>	<u>31,880,896</u>
		<u>199,297,818</u>	<u>184,144,299</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
Share capital	10	50,000,000	50,000,000
Capital awaiting allotment	11	127,908,214	127,897,563
Retained earnings		<u>21,121,041</u>	<u>6,018,694</u>
Total Equity		<u>199,029,255</u>	<u>183,916,257</u>
<b>CURRENT LIABILITIES</b>			
Other payables	12	<u>268,563</u>	<u>228,042</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>199,297,818</u>	<u>184,144,299</u>

These financial statements were approved by the Board of Directors on.....2020 and signed on its behalf by: -

  
Director

  
Director

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Rwf'000'	Un Audited 2018 Rwf'000'
Grant income	13	7,188,489	6,418,898
Investment income	14(a)	4,288,631	3,679,642
Investment surplus/(loss)	14(b)	1,286,108	(8,541)
Dividends	15	3,171,001	36,594
Other income	16	<u>793,361</u>	<u>530,300</u>
		16,727,590	10,656,893
Employee benefits expense	17	872,338	627,137
Administrative expenses	18	<u>752,905</u>	<u>337,277</u>
Surplus before income tax		15,102,347	9,692,479
Income tax expense	19	<u>-</u>	<u>-</u>
Surplus for the period		<u>15,102,347</u>	<u>9,692,479</u>



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Fair value reserve FRw'000	Share capital FRw'000	Capital awaiting allotment FRw'000	Retained earnings FRw'000	Total FRw'000
As at 1 July 2018		75,332	50,000,000	-	309,639	50,384,971
Change on initial application of IFRS 9		(75,332)	-	-	204,390	129,058
Surplus for the period		-	-	-	5,504,665	5,504,665
Equities transferred from Government	11	-	-	127,897,564	-	127,897,564
At 31 December 2018		-	50,000,000	127,897,564	6,018,694	183,916,258
As at 1 January 2019		-	50,000,000	127,897,564	6,018,694	183,916,258
Equities transferred from Government		-	-	10,650	-	10,650
Surplus for the period		-	-	-	15,102,347	15,102,347
At 30 December 2019		-	50,000,000	127,908,214	21,121,041	199,029,255

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Rwf'000	2018 Rwf'000
OPERATING ACTIVITIES			
Surplus before income tax		15,102,347	5,504,665
Adjustments for:			
Depreciation on property, plant and equipment		71,772	25,473
Amortization of intangible assets		7,242	-
Treasury bond discount earned		(1,789)	(1,407)
Investment (surplus)/loss	14(b)	(1,286,108)	8,541
Unrealised exchange gain on worldVu investment	16	<u>(780,215)</u>	<u>(449,399)</u>
Operating profit before changes in working capital		13,113,249	5,087,873
CHANGES IN WORKING CAPITAL			
(Increase)/Decrease in other receivables		(72,990)	1,194
Increase in due from Related party		(997,615)	-
Increase/(decrease) in other payables		40,518	(46,378)
Increase in interest receivable		<u>(34,206)</u>	<u>(1,228,421)</u>
Net cash generated from operating activities		<u>12,048,956</u>	<u>3,814,268</u>
INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	3 (a)	(14,446)	(41,035)
Investment in equity	4	(9,338,770)	(298,069)
Matured Bonds	5	4,500,000	-
Investment in treasury bonds	5	(4,355,200)	(378,800)
Investment in short term deposits		<u>(1,466,040)</u>	<u>(2,936,883)</u>
Net cash used in investing activities		(10,674,456)	(3,654,787)
Net increase in cash and cash equivalents		1,374,500	159,481
Cash and cash equivalents at beginning of the year		<u>363,464</u>	<u>203,983</u>
Cash and cash equivalents at end of the year	9	<u>1,737,964</u>	<u>363,464</u>



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in the accounting policy.

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 assets are impaired.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures

a) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations.

New Standards issued that were effective at the reporting date

The following standards and improvement were effective as at the reporting date:

- IFRS 16 Leases - Replaced IAS 16 (effective on or after 1 January 2019). The standard had no impact on the company.
- IFRIC 23 Uncertainty over Income Tax Treatments - (effective on or after 1 January 2019)
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 (effective on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle - Amendments to IAS 12 and 23, IFRS 3 and 11 (effective on or after 1 January 2019)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) - Amendments to IAS 19 (effective on or after 1 January 2019)

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.

- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective date was deferred by the IASB, therefore not yet determined)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective on or after 1 January 2020)
- Definition of a Business - Amendments to IFRS 3 (effective on or after 1 January 2020)
- Definition of Material - Amendments to IAS 1 and IAS 8 (effective on or after 1 January 2020)
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (effective on or after 1 January 2020)
- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1 (effective on or after 1 January 2022)



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

New Standards issued that were effective at the reporting date (continued)

*IFRIC 23 Uncertainty over Income Tax Treatments- effective on or after 1 January 2019*

IFRIC 23 was issued on 07 June 2018 by IASB. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

*Prepayment Features with Negative Compensation (Amendments to IFRS 9)- effective on or after 1 January 2019*

Issued on 12 October 2017 and amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

*Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)- effective on or after 1 January 2019*

Issued on 12 December 2017 and makes amendments to the following standards:

- IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)- effective on or after 1 January 2019*

Issued on 07 February 2018. The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

New Standards issued that were effective at the reporting date (continued)

*Amendments to References to the Conceptual Framework in IFRS Standards*

Together with the revised Conceptual Framework published on 29 March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

b) Standards issued but not yet effective (continued)

*Definition of a Business (Amendments to IFRS 3) effective on or after 1 January 2020*

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

*Definition of Material (Amendments to IAS 1 and IAS 8) effective on or after 1 January 2020*

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of material' and align the definition used in the Conceptual Framework and the standards.

*Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7*

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

*Classification of Liabilities as Current or Non-Current - Amendments to IAS 1 (effective on or after 1 January 2022)*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant 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.

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

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 (Friends of Rwanda).

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 net of any non-recoverable withholding taxes.

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.

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 Rwf 500,000 are expensed upon payment as capital expenditure in the year of acquisition. However, AGDF maintains a fixed assets register of all these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 derecognised.

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



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

f) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite and amortized using the straight-line basis as follows: -

Development of database - 50%

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.

g) *Related party transactions*

AGDF Corporate Trust Limited is a Company limited by shares established on 01 August 2013. The Company is financed through donations from the Government of Rwanda as well as Rwanda Citizens. The donations received from the Central Government during the year are disclosed under Note 13. Transactions related to government securities are included under note 5. Transactions with RSSB related to contributions and these are disclosed under note 17. Transactions with Rwanda Interlink Transport Company (RITCO), Kinazi Cassava Plant(KCP) and Africa Olleh Services Ltd (AOS) are disclosed under note 6

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

	2019 FRw'000	2018 FRw'000
Cash at Bank		
Bank of Kigali Plc	2,139,229	136,624
National Bank of Rwanda	<u>255,586</u>	<u>172,355</u>
	<u>2,394,815</u>	<u>308,979</u>



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

e) *Related party transactions* (continued)

In addition to transactions with the Government and Government related entities, the entity enters into transactions with key management as shown below

The following transactions were carried out with related parties:

Key management compensation

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

	2019 FRw'000	2018 FRw'000
Salaries and other short-term employment benefits	<u>177,360,213</u>	<u>97,951,302</u>

h) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified, on the basis of both entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial asset at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and bank balances and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as above in line with IFRS 9.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to cash flows from the financial asset expire.
- The Company transfers the financial asset or substantially all risks and rewards of ownership of the financial asset to another party.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

f) Financial instruments(continued)

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

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.

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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2. ACCOUNTING POLICIES (continued)

2.4 Summary of significant accounting policies (continued)

i) 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.

j) 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.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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3. PROPERTY, PLANT AND EQUIPMENT

a) 31 December 2019	Equipment, furniture and fittings FRw'000	ICT equipment FRw'000	Motor vehicles FRw'000	Total FRw'000
COST				
At 01 January 2019	122,449	91,670	17,512	231,631
Additions	-	14,446	-	14,446
At 31 December 2019	<u>122,449</u>	<u>106,116</u>	<u>17,512</u>	<u>246,077</u>
DEPRECIATION				
At 01 January 2019	60,173	28,226	9,435	97,834
Charge for the year	<u>30,590</u>	<u>36,807</u>	<u>4,375</u>	<u>71,772</u>
At 31 December 2019	<u>90,763</u>	<u>65,033</u>	<u>13,810</u>	<u>169,606</u>
NET BOOK VALUE				
At 31 December 2019	<u>31,686</u>	<u>41,083</u>	<u>3,702</u>	<u>76,471</u>

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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3. PROPERTY, PLANT AND EQUIPMENT-Group (Continued)

a) 31 December 2018

	Equipment, furniture and fittings FRw'000	ICT equipment FRw'000	Motor vehicles FRw'000	Total FRw'000
COST				
At 01 January 2018	106,612	66,466	17,512	190,590
Additions	<u>15,831</u>	<u>25,204</u>	<u>-</u>	<u>41,035</u>
At 31 December 2018	<u>122,443</u>	<u>91,670</u>	<u>17,512</u>	<u>231,625</u>
DEPRECIATION				
At 01 January 2018	45,693	19,435	7,233	72,361
Charge for the year	<u>14,480</u>	<u>8,791</u>	<u>2,202</u>	<u>25,473</u>
At 31 December 2018	<u>60,173</u>	<u>28,226</u>	<u>9,435</u>	<u>97,834</u>
NET BOOK VALUE				
At 31 December 2018	<u>62,270</u>	<u>63,444</u>	<u>8,077</u>	<u>133,791</u>



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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3 (b)	Intangible assets	2019 FRw'000	2018 FRw'000
	Cost at 1 January	178,732	178,732
	Additions	<u>-</u>	<u>-</u>
	Cost at 31 December	<u>178,732</u>	<u>178,732</u>
	Amortisation at 1 January	-	-
	Amortisation charge for the year	<u>7,242</u>	<u>-</u>
	Amortisation at 31 December	<u>7,242</u>	<u>-</u>
	Net book value at 31 December:	<u>171,490</u>	<u>178,732</u>
4.	FINANCIAL ASSETS AT FVTPL; EQUITIES		
	At start of year	142,488,085	13,851,598
	Additions during the year	9,338,770	298,069
	Fair value gain on revaluation of equities	<u>1,502,002</u>	<u>128,338,418</u>
	At the end of the year	<u>153,328,857</u>	<u>142,488,085</u>

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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4. FINANCIAL ASSETS AT FVTPL; EQUITIES (continued)

Equity investments include:		2019 Rwf'000'	% of net assets	2018 Rwf'000'	% of net assets
		Fair Value		Fair Value	
1	Gatsibo Rice company Ltd	341,227	40%	266,500	40%
2	Gisakura Tea Company Ltd	241,793	15%	432,260	15%
3	Kirehe Rice Company Ltd	404,637	40%	387,500	40%
4	Rwanda Gaming Corporation	216,892	44.09%	204,631	44.09%
5	Shagasha Tea Company Ltd	218,879	10%	134,000	10%
6	Mayange Rice Company Ltd	411,476	40%	297,129	40%
7	Gasabo 3D Ltd	3,923,064	100%	3,196,335	100%
8	RFCC (Rwanda Farmers Coffee Company) Ltd	549,073	75%	883,506	75%
9	Rwanda Stock Exchange (RSE) Ltd	51,767	20%	180,876	20%
10	Rwanda Interlink Transport Company (Ritco)	3,004,821	52%	2,287,741	52%
11	AOS (Africa Olleh Services) Ltd	2,966,914	49%	1,002,985	49%
12	BSC (Broadband Systems Corporation) Ltd	11,805,000	100%	8,007,741	100%
	Koreah Telecommunication Rwanda			9,589,216	
13	Networks	6,706,578	49%		49%
14	Mata Tea company Ltd	2,012,256	30%	1,725,000	30%
	Rwanda Printing and Publishing Company	219,124	30%	22,810	30%
15	(RPPC) Ltd				
16	Kinazi Cassava Plant	492,550	55%	547,000	55%
17	Africa Improved Food	264,551	4.81%	334,058	4.81%
18	Gisovu Tea Company	4,308,428	30%	6,906,219	30%
19	Prime Economic Zone	5,202,548	32.8%	6,661,826	32.8%
20	BK Group Plc	52,623,329	22.1%	55,204,850	22.1%
21	Cimerwa Limited	10,210,280	16.15%	8,134,235	16.15%
22	Sonarwa General Insurance Company Limited	39,361	1.6%	81,322	1.6%
23	Development Bank of Rwanda	21,658,167	40.98%	21,024,953	40.98%
24	GT Bank (Rwanda) Plc	689,914	3.62%	384,868	3.62%
25	Rwanda Tea Packers	10,650	40%	-	-
26	Rwanda National Investment Trust Ltd	688,610	6%	434,385	6%
27	I&M Bank Rwanda Plc	1,003,968	2.11%	969,624	2.11%
28	World vu satellites	23,063,000	0.68%	13,186,515	0.68%
TOTAL		153,328,857		142,488,085	

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.

In 2017, the Company entered into a partnership Agreement for a joint investment with the Ministry of Finance and Economic planning (MINECOFIN) and Rwanda Social Security Board in the share capital of WorldVu satellites limited (currently known as OneWeb) to be represented by MINECOFIN. The aim was making internet access available and affordable. The company invested USD 25,000,000 equivalent to 0.68% of shareholding from 2017 to December 2019. WorldVu was at the advanced development stages. However, in year 2020, with the effect of Covid -19, WorldVu Satellites was not able to proceed with its operation and filed for US Chapter 11 of Bankruptcy Code which permit the debtors to remain in charge of business as debtor in possession but under the oversight of the bankruptcy court. The recent development is that U.K Government and the Indian Conglomerate Bharti Global committed to provide \$ 1Billion as Capital to finance the operations. The management currently cannot be able to reliably measure the extent of the impact of the new injection. The court case was ongoing as at the date of this report. The management is working closely with the Ministry of Finance and Economic Planning to monitor the court progress.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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	2019 FRw'000	2018 FRw'000
5. Financial assets at FVTPL; Bonds		
Government treasury bonds	<u>9,937,760</u>	<u>9,462,795</u>
Opening balance	9,225,141	8,486,086
Discount	1,789	12,125
Matured	(4,500,000)	-
Additions	4,355,200	378,800
Fair value gain	<u>591,312</u>	<u>348,130</u>
	<u>9,673,442</u>	<u>9,225,141</u>
Accrued interest	<u>264,318</u>	<u>237,654</u>
	<u>9,937,760</u>	<u>9,462,795</u>

The amount on the treasury bonds has 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.

6. AMOUNTS DUE FROM RELATED PARTY

	2019 FRw'000	2018 FRw'000
a) Non current		
Rwanda Interlink Transport Company (Ritco)	<u>910,000</u>	<u>-</u>
b) Current		
Kinazi Cassava Plant	86,671	-
AOS (Africa Olleh Services) Ltd	<u>944</u>	<u>-</u>
	<u>87,615</u>	<u>-</u>

Amount due from Rwanda Interlink Transport Company (RITCO) relates to an advance made in December 2019 to clear taxes on purchase of new buses.

In addition, shareholder's (Government of Rwanda-GOR) loan of Frw 3,515,662,000 was not incorporated in this report due to lack of terms and conditions relating to the loan between the two shareholders of RITCO (GOR and JALI). The loan is the value amount of the assets GOR contributed to RITCO.

Amount due from Kinazi Cassava Plant relates to advance given to purchase spare parts and pay warehouse rent for TASCO (TAPIOCA STARCH COMPANY)

GOR has invested preference shares equivalent to USD 7,530,000 non-voting redeemable shares in AOS (Africa Olleh Services) Ltd. The shares represents the value amount of assets GOR transferred to Africa Olleh Services Ltd (AOS). The existing non-voting shares of Government of Rwanda were revalued at FRW 887, equivalent to FRW 6,679,110,000.

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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6. AMOUNTS DUE FROM RELATED PARTY (Continued)

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 Korean Telecommunication Rwanda Network (KTRN) 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 par at earliest of when the company has sufficient distributable earnings. Given the performance of Korean Telecommunication Rwanda Network (KTRN), management has assessed that there is little possibility that Korean Telecommunication Rwanda Network (KTRN) will be able to pay by due date.

7. OTHER RECEIVABLES	2019 FRW'000	2018 FRW'000
Security and rental cost (RSSB)	11,592	11,592
Prepaid on rental sport (SERENA)	210	223
Employee Advance	168	168
Sonarwa	2,532	979
Liquid telecom	-	420
Prepaid of Staff Insurance	18,257	14,904
Co-ownership vehicle	37,797	6,347
I&M Bank PLC	-	2,544
Interest on Bond receivable from National Bank of Rwanda	<u>39,611</u>	<u>-</u>
	<u>110,167</u>	<u>37,177</u>

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.



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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8. SHORT TERM DEPOSITS	2019 FRw'000	2018 FRw'000
At 1 January	31,480,255	27,544,401
Additions	5,500,000	5,770,508
Maturity	(5,962,426)	(3,763,118)
Interest accrued	2,155,078	2,147,536
Impairment on fixed term deposits	<u>(235,413)</u>	<u>(219,072)</u>
At 31 December	<u>32,937,494</u>	<u>31,480,255</u>

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

9. Cash and cash equivalents	2019 FRw'000	2018 FRw'000
Cash in hand	173	52
Cash at Bank	<u>1,737,791</u>	<u>363,412</u>
	<u>1,737,964</u>	<u>363,464</u>

10. Share capital

Authorized, issued and fully paid 1 share of Rwf 50 Billion

11. Capital awaiting allotment

In 2018, Government of Rwanda transferred its equity investments in 28 companies to Agaciro Development Fund. These investments have been accounted for an investment and capital awaiting allotment.

12. Other payables	2019 FRw'000	2018 FRw'000
Accrued audit fees	67,537	13,865
Accrued technical assistance fees	26,350	26,350
Accrued leave	33,166	28,346
Other accruals	33,285	35,849
VAT	24,746	12,174
Pivot access	4,112	24,660
Withholding tax payable	3,991	24,587
PAYE	18,927	16,440
RSSB	3,465	3,146
Performance Bonus	52,809	42,625
ABC Rwanda	<u>175</u>	<u>-</u>
	<u>268,563</u>	<u>228,042</u>

AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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13.	Contributions to Agaciro Development fund	2019 FRw'000'	Un Audited 2018 FRw'000'
	Contributions from the Government of Rwanda	3,462,009	2,994,582
	Civil servants	3,038,020	2,929,152
	Corporates	101,209	41,197
	Individual citizens	51,071	64,866
	Business employees	462,061	335,288
	Non-governmental organisations	10,341	6,762
	Cooperatives	36,990	42,843
	Public enterprises	<u>26,788</u>	<u>4,208</u>
		<u>7,188,489</u>	<u>6,418,898</u>

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

14.(a)	Investment Income	2019 FRw'000'	Un Audited 2018 FRw'000'
	Interest on short term deposits	3,148,489	2,658,023
	Interest on financial assets - FVTPL (Bonds)	<u>1,140,142</u>	<u>1,021,619</u>
		<u>4,288,631</u>	<u>3,679,642</u>

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



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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14.(b) Investment Surpluses

	2019 Rwf'000'	2018 Rwf'000'
Fair value gain on revaluation of Equities (RNIT)	54,225	-
Fair value gain on revaluation of Bonds	591,312	-
Fair value loss on revaluation of Equities (I&M)	(8,155)	(8,541)
Fair value loss on revaluation of Equities (BK)	(2,581,522)	-
FV Gain- Gisakura Tea Company Ltd	(190,467)	-
FV Loss- Kirehe Rice Company Ltd	17,137	-
FV Gain- Rwanda Gaming Corporation	12,261	-
FV Loss- Rwanda Stock Exchange (RSE) Ltd	(129,109)	-
FV Gain- Mayange Rice Company Ltd	114,347	-
FV Gain- Gasabo 3D Ltd	726,729	-
FV Loss- RFCC (Rwanda Farmers Coffee Company) Ltd	(334,433)	-
FV Gain- Gatsibo Rice company Ltd	74,727	-
FV Gain- Shagasha Tea Company Ltd	84,879	-
FV Gain- RITCO (Rwanda Interlink Transport Company)	717,080	-
FV Gain- AOS (Africa Olleh Services) Ltd	1,963,929	-
FV Gain- BSC (Broadband Systems Corporation) Ltd	3,797,259	-
FV Loss- KTRN (Koreah Telecommunication Rwanda)	(2,882,638)	-
FV Gain- Mata Tea company Ltd	287,256	-
FV Gain- Rwanda Printing and Publishing Company Ltd	196,314	-
FV Loss- Kinazi Cassava Plant	(54,450)	-
FV Loss- Africa Improved Food	(69,507)	-
FV Loss- Gisovu Tea Company	(2,597,791)	-
FV Loss- Prime Economic Zone	(1,459,278)	-
FV Gain- Cimerwa	2,076,045	-
FV Loss- Sonarwa	(41,961)	-
FV Gain- BRD	633,214	-
FV Gain- GT Bank	305,046	-
Impairment of Term Deposit	(16,341)	-
Total FV gain/(loss)	<u>1,286,108</u>	<u>(8,541)</u>

Fair value gain or losses on investments relates to the revaluation of equity investments.

15. Dividends

	2019 Rwf'000	Un Audited 2018 Rwf'000
I&M Bank PLC	62,982	36,594
Bank of Kigali PLC	2,424,028	-
Mata Tea Company	358,634	-
Gisakura Tea Company	53,812	-
Gisovu Tea Company	210,000	-
Shagasha Tea Company	<u>61,545</u>	<u>-</u>
	<u>3,171,001</u>	<u>36,594</u>

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	2019 Rwf'000'	Un Audited 2018 Rwf'000'
16. Other income		
Exchange gain on Equities (WorldVu)	780,215	449,399
Other miscellaneous income	<u>13,146</u>	<u>80,901</u>
	<u>793,361</u>	<u>530,300</u>

Exchange gain on Equities relates to investment of USD 25,000,000 equivalent to 0.68% of shareholding in WorldVu satellites limited (currently known as OneWeb) which was translated to Rwandan Franc at the year end.

	2019 Rwf'000'	Un Audited 2018 Rwf'000'
17. Employee benefits expense		
Salaries and wages	578,284	430,580
Medical insurance	40,532	25,058
Contributions to Rwanda Social Security Board	27,337	20,275
Leave accrual	10,068	23,261
Lumpsum	152,737	84,884
Performance Bonus	51,165	42,626
Transport facility	4,644	-
Co-ownership vehicles	<u>7,571</u>	<u>453</u>
	<u>872,338</u>	<u>627,137</u>



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		Un Audited 2018 Rwf'000'
18. Administrative expenses	2019 Rwf'000'	
Advertisement and publicity	56,165	30,185
Audit Fees	19,214	17,281
Contractual services	133,928	4,100
Telephone Expenses	17,643	16,093
Sports and recreation facilities	9,457	3,273
International travels	30,684	17,153
Local travel allowance	3,985	1,765
International perdiem	12,221	9,350
Office supplies	13,587	9,777
Office rent	69,552	58,842
Internet cost	4,657	4,482
Symposia, Seminars and Sensitization	71,378	45,185
Bank charges	44,468	1,465
Other commission	727	-24,207
Other communication cost	1,607	1,519
Exchange Gain/Loss	29,027	-
Postage and courier	229	208
Office cleaning	5,152	3,964
Printing and stationery	14,746	5,316
Official reception	5,619	3,987
Journals and newspaper	442	1,036
Staff retreat	-	6,877
Public holiday ceremonies	3,607	1,187
Membership to local institutions	1,796	-
Membership to International organisation	23,772	-
Training Fees	45,585	41,742
Insurance for Vehicle	711	583
Group insurance	8,571	6,024
Local travel	1,392	209
Other insurance	63	196
Fuel for vehicle	2,280	1,800
Depreciation and amortization	71,772	47,313
Amortization	7,242	-
Maintenance of office Equipment	182	220
Maintenance and repairs of Vehicle	1,334	1,083
Maintenance and repairs of network infrastructure	9,800	-
Representation cost	1,747	1,404
Web database hosting	19,922	14,053
Mileage Allowance	2,006	877
Security	1,912	955
Corporate social responsibility	4,723	-
Technical assistance remuneration	-	1,980
	<u>752,905</u>	<u>337,277</u>

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19. 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.

20. 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 2018

Rwanda Stock Exchange	+/-5%	+/-2,809 (FRw'000)
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As at 31 December 2019

Rwanda Stock Exchange	+/-5%	+/-7,987
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The sensitivity rate derived from the experience of the change in values of the I&M equity during the past five years



AGACIRO DEVELOPMENT FUND CORPORATE TRUST LIMITED  
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20. 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

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

	31-Dec-2019	31-Dec-2018
	FRw'000	FRw'000
Short term deposits	32,937,494	31,480,255
Cash at bank	1,737,964	363,464
Financial assets - FVTPL (Equities)	153,328,857	142,038,687
Financial assets - FVTPL (Bonds)	9,937,760	9,462,795
Amount due from related parties	997,615	-
Other receivables	<u>110,167</u>	<u>37,177</u>
	<u>199,049,857</u>	<u>183,382,378</u>

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

*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:



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20. Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

*Fair Value Measurement (continued)*

31-Dec-2019	Carrying amounts	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	FRw'000	FRw'000	FRw'000	FRw'000
Assets				
FVPL - Quoted securities	53,627,297	53,627,297	-	-
FVPL - Unquoted securities	99,701,560	-	-	99,701,560
31-Dec-2018	Carrying amounts	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	FRw'000	FRw'000	FRw'000	FRw'000
Assets				
FVPL - Quoted securities	56,174,475	56,174,475	-	-
FVPL - Unquoted securities	86,313,610	-	-	86,313,610

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.



## 20. Financial risk management objectives and policies (continued)

### (ii) Credit risk (continued)

#### *Fair Value Measurement (continued)*

31-Dec-2019	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	53,627,297	53,627,297	-	-
FVPL - Unquoted securities	99,701,560	-	-	99,701,560
31-Dec-2018	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	56,174,475	56,174,475	-	-
FVPL - Unquoted securities	86,313,610	-	-	86,313,610

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.



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20. 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 Government through MINECOFIN on the basis of an annual budget that covers the company's activities for the year. Hence, the company is able to meet its payment obligations as they fall due.

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

	Less than 1 year 'Rwf'
At 31 December 2018	
Other Payables	228,042
	Less than 1 year 'Rwf'
At 31 December 2019	
Other payables	268,563

Capital risk management

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

The entity is not subject to any external capital requirements.

*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.



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21. EVENTS AFTER THE REPORTING DATE

Apart from uncertainties arising from COVID-19 as discussed below, there are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

The outbreak of the Coronavirus Disease 2019 (COVID-19) has stricken communities across the globe. The virus' rapid geographical spread has caught the world off-guard, with major implications for personal health, business continuity and the world economic order. Globally, integrated supply chain models have been disrupted, threatening a financial slow-down. Unfortunately, most organizations around the world are ill-prepared to navigate through these uncertain times and the Company is not an exception.

Management has put in place ample measures such as remote working for some employees, with an exception of those offering essential services to ensure continuity in business operations

Management assesses that it is not practicable to accurately estimate the financial impact on COVID-19 now as the effects are yet to fully materialise.