



ARMENIAN TERRITORIAL DEVELOPMENT FUND

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
for the year ended 31 December 2020

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Fund address:	31 K. Ulnetsi Street, Yerevan, 0037, Republic of Armenia
Legal form:	Foundation
Principal activities	The principal activities of the Foundation is presented in the 1 st note
Executive director	Artur Soghomonyan

INDEPENDENT AUDITOR'S REPORT

To the Management of the Armenian Territorial Development Fund

Opinion

We have audited the accompanying financial statements of "Armenian Territorial Development Fund" ("ATDF" or "Fund") which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ATDF as at 31 December 2020, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB). 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 ATDF in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical requirements in accordance with IESBA Code.

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

Emphasis of matter - merger of WSPIU

Without modifying our opinion, we draw your attention to Note 1.2 of the financial statements, which describes that the operations of "Water Sector Projects Implementation Unit" State Agency of the Water Committee of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia were combined to the Fund since 2020, as well as describes the accounting of the merger at ATDF financial statements.

Responsibilities of the Management and Those Charged With Governance for the Financial Statements

Management of the ATDF is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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 is responsible for assessing the Fund's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibility 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements arise from fraud and 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 skepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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 Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with management 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.

"BDO Armenia" CJSC

28 June 2021



Vahagn Sahakyan, FCCA
Managing Partner



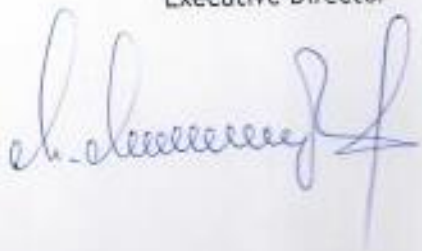
Gnel Khachatryan, FCCA
Engagement Partner

Armenian Territorial Development Fund
Statement of financial position
As at 31 December 2020

	Note	As at 31.12.2020 USD	As at 31.12.2019 USD
ASSETS			
Non-current assets			
Property and equipment	3	116,108	75,761
Funds receivable	4	388,939,957	150,910,172
Total non-current assets		389,056,065	150,985,933
Current assets			
Prepayments	5	17,306,647	2,381,406
Cash and cash equivalents	6	17,649,066	20,195,173
Total current assets		34,955,713	22,576,579
TOTAL ASSETS		424,011,778	173,562,512
LIABILITIES AND EQUITY			
Equity			
Founders' contribution	7	151,631	151,631
Accumulated surplus/(deficit)		(90,556)	6,795
Total equity		61,075	158,426
Non-current liabilities			
Government grants	8	417,637,326	172,129,898
Total non-current liabilities		417,637,326	172,129,898
Current liabilities			
Accounts payable	9	6,313,377	1,274,188
Total current liabilities		6,313,377	1,274,188
TOTAL LIABILITIES AND EQUITY		424,011,778	173,562,512

The financial statements were approved by the management of the Armenian Territorial Development Fund on 28 June 2021 and signed on its behalf. The accompanying notes form an integral part of these financial statements.

Artur Soghomonyan
Executive Director



Levon Dulyan
Chief Financial Officer



Armenian Territorial Development Fund
Statement of comprehensive income
As at 31 December 2020

	Note	2020 USD	2019 USD
Cost of the Projects	10	(38,190,673)	(24,090,010)
Income from Grants	8	38,190,673	24,090,010
Other income/(expense), net		159,364	97,385
Exchange gain/(loss), net		(237,944)	81,430
Results of the year before income tax		(78,580)	178,815
Income tax		(18,771)	(16,031)
Results of the year		(97,351)	162,784
Other comprehensive income		-	-
Comprehensive result for the year		(97,351)	162,784

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Artur Soghomonyan
Executive Director

Levon Dulyan
Chief Financial Officer



Armenian Territorial Development Fund
Statement of changes in equity
For the year ended 31 December 2020

	Founders contribution USD	Accumulated surplus/ (deficit) USD	Total USD
As at 1 January 2019	151,631	(155,989)	(4,358)
Results of the year	-	162,784	162,784
As at 31 December 2019	151,631	6,795	158,426
Results of the year	-	(97,351)	(97,351)
As at 31 December 2020	151,631	(90,556)	61,075

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Artur Soghomonyan
Executive Director




Levon Dulyan
Chief Financial Officer



Armenian Territorial Development Fund
Statement of cash flows
For the year ended 31 December 2020

	2020 USD	2019 USD
Operating cash flows		
Funds received/(refunded)		
SILD	5,915,482	5,247,760
SSIP	1,669,049	1,184,307
LEID	3,114,099	4,405,012
USAID	643,915	890,830
ISMP	8,767,891	-
VEDI	11,383,574	-
IWRM	918,132	-
CIP II-P2,P3	2,472,431	-
Other	(276,751)	2,135,101
	<u>34,607,822</u>	<u>13,863,010</u>
Project expenditures		
SILD	(5,456,431)	(5,157,410)
SSIP	(10,037,155)	(7,016,732)
LEID	(4,179,094)	(3,658,452)
USAID	(528,671)	(903,918)
ISMP	(10,359,041)	-
VEDI	(7,757,134)	-
IWRM	(900,723)	-
CIP II-P2,P3	(2,263,389)	-
Other	(3,271,459)	(6,045,378)
	<u>(44,753,097)</u>	<u>(22,781,890)</u>
Other operating cash flows, (net)	11,401	(55,890)
Total Operating cash flows	<u>(10,133,874)</u>	<u>(8,974,770)</u>
Exchange gain/(loss) on cash	1,138	120,782
Net cash flows	<u>(10,132,736)</u>	<u>(8,853,988)</u>
Opening cash balance	20,195,173	29,049,161
Cash inflows from WSPIU merger (Note 1.2)	7,586,629	-
Closing cash balance	<u>17,649,066</u>	<u>20,195,173</u>

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Artur Soghomonyan
Executive Director

Levon Dulyan
Chief Financial Officer



Armenian Territorial Development Fund
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For the year ended 31 December 2020

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1. Background

1.1 *The foundation and its objectives*

The Armenian Territorial Development Fund ("ATDF", "Fund") is the legal successor of Armenian Social Investment Fund (ASIF) since 2015. The ATDF operates based on the new Charter since 4 August 2015, and continues ordinary activities of the ASIF.

The ASIF has been established by a Decree N 162 dated 11.04.2000 of the Government of the Republic of Armenia ("RoA"), the sole founder, as an autonomous non-profit agency to assist in the rehabilitation of small-scale infrastructure through community initiated and demand-based activities. It was registered in accordance with resolution N 988 of the Ministry of Justice of the RoA dated on 13 September 2000.

The ATDF registered address is: 31 K. Ulnetsi Street, Yerevan, 0037, Republic of Armenia.

The ATDF implements projects such as ASIF I, ASIF II, ASIF III, SILD, SSIP and LEID projects with objective to related to:

- welfare development of population through improving quality and accessibility of social and economic infrastructure and public services, employment, investment activity,
- Institutional and financial strengthening of regions of the RoA.

The projects are financed by the Government of the RoA through funds received from international donors, the largest creditor being International Development Association (IDA), International Bank of Reconstruction and Development (IBRD) and Asian Development Bank (ADB). The Projects are co-financed by the Government of the RoA, Local Communities and Other Sponsors.

1.2 *WSPIU merger*

In accordance with the RoA Government Decrees N 170-N dated 28.02.2019 and N 1966-N dated 26.12.2019 the operations of "Water Sector Projects Implementation Unit" State Agency of the Water Committee of the Ministry of Territorial Administration and Infrastructure of the RoA ("WSPIU") were combined to the Fund since start of 2020.

The former activity of the WSPIU continues to be fully implemented, including through its staff and resources, which were merged to the ATDF as a branch, and continues to operate on the area previously allocated to it, at 8 Vardanants deadlock, Yerevan.

The main activities of the branch are .

- Construction of Vedi reservoir and irrigation system,
- Irrigation System Modernization Project
- Integrated water resources management of Akhuryan River,
- Improving Yerevan water supply system,
- Implementation of "Community Infrastructure Program II, Phase 3 - Water Supply and Sewerage Infrastructure of Armenia" program.

The branch programs are funded by the Government of the RoA, mainly with funds received from international donors. The Eurasian Development Bank (EDB), the Agence Française de Développement (AFD), the European Investment Bank (EIB), the Bank for Reconstruction and Development (KfW) are the largest donors. The projects are cofinanced by the Government of the RoA and local communities.

The merged assets, liabilities and financial results are included in the financial statements of the ATDF since 01.01.2020, without restating the Fund's financial results for previous years.

This approach is in line with the approaches of the International Accounting Standards Board (IASB) Discussion paper "Business Combinations Under Common Control" published in November 2020, on which the final standard is expected to be published in 2022.

1.3 The implemented projects

In the year ended 31.12.2020, the ATDF, including its branch, implemented the following main projects:

- **SILD** - "Social Investment and Local Development Project", financed by the Loan Agreement IBRD Loan Number 8483-AM dated 8 April 2015 between the Republic of Armenia and the IBRD, in the amount of 30,000,000 USD. The objective of the project is to improve quality and use of and access to community and inter-community infrastructure. The Project became effective on 22 September 2015. The Closing date for the Loan Number 8483-AM financing is set on 31 December 2021.
- **SSIP** - «Seismic Safety Improvement Program», financed by Loan Agreement ADB Loan Number 3284-ARM dated 19 October 2015 between the ADB and the Republic of Armenia, in the amount of 83,600,000 USD. The objective of the project is to build earthquake-resilient schools and improve ability of responding to natural disasters. The closing date of the SSIP project is set on 31 May 2024.
- **LEID** - "Local Economy and Infrastructure Development Project", financed by the Loan Agreement IBRD Loan Number 8572-AM dated 23 February 2016 between the Republic of Armenia and the IBRD, in the amount of 55,000,000 USD. The Project objective is to improve infrastructure services and institutional capacity for increased tourism contribution to local economy in selected regions of Armenia (i.e. Kotayk, Vayots Dzor, Syunik, Lori, Armavir, Ararat). In particular, the proposed Project will support business environment and investment climate for Small and Medium-sized Enterprises (SME) creation, growth, and innovations. The Project became effective on 29 December 2016. The Project related activities commenced from 21 April 2017. The Closing date for the Loan Number 8572-AM financing is set on 31 March 2023.
- **USAID** - "Territorial Management Reform" project, financed by Implementation Letter dated 10 August 2015 between USA International Development Agency (USAID) and ATDF, in the amount of 8,600,000 USD. The objective of the project is funding inter-community projects in 14 pilot combined communities. The closing date of the project is set on 30 June 2022.
- **ISMP** - "Irrigation Systems Modernization Project" supported by the Eurasian Development Bank (EDB) is implemented based on loan agreement signed on 16.10.2015, which became effective on 10 June 2016. The objective of the project is to provide access to irrigation services, including replacement of mechanical irrigation by gravity, rehabilitation of main and secondary canals, rehabilitation and construction of tertiary irrigation networks, length of renovated networks - 344.32 km, length of newly constructed irrigation networks - 67.18. km. The loan closing date is 31.12.2023.
- **VEDI** - "Construction of Vedi Reservoir and Irrigation System Project" implemented with the support of the Agence Française de Développement (AFD) is implemented within the framework of the Loan Agreement dated 26.01.2016, which became effective on 12 May

2016. The aim of the project is to build Vedi reservoir and auxiliary structures, water intakes, water conveyance and irrigation system, as well as tertiary irrigation network of the lands to be irrigated from the reservoir, as a result of which it is expected to ensure, to construction of Vedi and Khosrov water intakes, construction of water conveyance system - 10,6 km, construction of irrigation system - 36.2 km, rehabilitation of tertiary irrigation network - 60 km - construction of dam - 80 m. The closing date of the Project is 31.03.2021. (Deadline for use of all funds is 30.11.2021). The Project periods are in extension process.

- IWRM - Integrated Water Resources Management (IWRM) / Akhuryan River, Phase 1 implemented with the support of the German Development Bank (KfW) BMZ-No2014.67.950. The Project is implemented within the framework of the Loan Agreement signed on 19.12.2014, which became effective on June 29, 2015. The objective of the project is the construction of Kaps reservoir with a dam height of 30 m. Closing date is 30.06.2024.
- CIP II-P2, P3 - "Communal Infrastructure Program II, Phase 3 - Water Supply and Sewerage Infrastructure in Armenia" BMZ N 2013 66 343 Project. The aim of the project is to carry out urgent (partial) rehabilitation of some sections of water supply and sewerage systems in 41 rural settlements of 11 cities and immediate rehabilitation of water supply and sewerage systems in some communities selected from 560 rural settlements. The project is financed by: (a) KfW Bank in accordance with the Loan Agreement dated December 27, 2013, effective since June 21, 2014. Deadline for requesting disbursements is 31.12.2022; (b) With the support of European Investment Bank in accordance with the Financing Contract, effective since 27.06.2014; (c) KfW Bank and EU NIF in accordance with the Implementing Financing Agreement dated 14.05.2014, effective since June 21, 2014. Deadline for requesting disbursements is 31.12.2022.

2. Summary of significant accounting policies

2.1 Bases of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

a) New standards, interpretations and amendments effective from 1 January 2020

There were no standards, interpretations and amendments effective from that date that had a significant effect on the Fund's financial statements.

b) New standards, interpretations and amendments not yet effective

There were no new standards, interpretations and amendments that are not yet effective that will have or may have an impact on the Foundation's future financial statements.

2.2 Basis of measurement

These financial statements are prepared on the historical cost basis.

2.3 Functional and presentation currency

The ATDF's functional currency is the national currency of the Republic of Armenia, Dram (AMD). The presentation currency of these financial statements is United States Dollar (USD).

2.4. Significant accounting estimates and judgments

The Fund makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual experience may differ from those estimates and assumptions. In the reporting year, there are no estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of fair values

A number of assets and liabilities included in the Fund's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Fund's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

2.5. Financial instruments - Risk Management

During its natural activity, the Fund is exposed to various financial risks such as.

- credit risk
- liquidity risk

In common with all other businesses, the Fund is exposed to risks that arise from its use of financial instruments. This note describes the Fund's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Fund's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the Fund, from which financial instrument risk arises, are as follows:

- Funds receivable
- Cash and cash equivalents
- Trade payables.

(b) Financial instruments by category

	Measured at amortized cost	
	31.12.2020	31.12.2019
	USD	USD
Financial assets		
Funds receivable	388,939,957	159,910,172
Cash and cash equivalents	17,649,066	20,195,173
	<u>406,589,023</u>	<u>171,105,345</u>
	Financial liabilities at amortized cost	
	2020	2019
	USD	USD
Financial liabilities		
Trade payables	6,313,377	1,274,189
	<u>6,313,377</u>	<u>1,274,189</u>

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other payables approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value, which are classified in level 3 of the fair value hierarchy, refer to appendix A.

General objectives, policies and processes

The overall management of the Fund's activities is carried out by the Board of Trustees.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without disruption of the Fund's activities. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Fund is mainly exposed to credit risk, which arises from cash and cash equivalents held by banks.

Liquidity risk

Liquidity risk arises from the Fund's finance charges and principal repayments on its debt instruments. It is the risk that the Fund will encounter difficulty in meeting its financial obligations as they fall due.

The Fund's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements.

The following table sets out the Fund's contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Up to 1 month	Between 1 and 3	Between 3 and 12	Between 1 and 5	Over 5 years
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Armenian Territorial Development Fund
Notes to the financial statements
For the year ended 31 December 2020

		months	months	years	
	USD	USD	USD	USD	USD
At 31 December 2020					
Trade and other payables	60,849	313,713	210,925	5,727,890	-
	<u>60,849</u>	<u>313,713</u>	<u>210,925</u>	<u>5,727,890</u>	<u>-</u>
At 31 December 2019					
Trade and other payables	13,331	76,015	249,073	935,770	-
	<u>13,331</u>	<u>76,015</u>	<u>249,073</u>	<u>935,770</u>	<u>-</u>

2.6. Foreign currency transactions

Foreign currency is a currency other than the functional currency of the ATDF. Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions. Average exchange rates as published by the Central Bank of the Republic of Armenia (CBA) is taken as the exchange rate.

The ATDF's accounts are maintained and transactions are mainly made in United States dollars (USD), Euro (EUR) and Armenian Drams (AMD). Transactions denominated in EUR or AMD currency are translated into USD based on average exchange rates as published by the CBA.

The average exchange rates as publish by the CBA related to USD against the EUR and AMD are follows:

	31.12.2020	31.12.2019
AMD	522.59	479.70
EUR	<u>0.815</u>	<u>0.893</u>
	2020	2019
	<u>Average rate</u>	<u>average rate</u>
AMD	489.20	480.41
EUR	<u>0.876</u>	<u>0.893</u>

2.7. Government grants

Grants from the government in return for past or future compliance with certain conditions relating to operating activities of ATDF are recognized at their fair value where there is reasonable assurance that:

- a) the ATDF will comply with the conditions attached to them; and
- b) the grants will be received:

Government grants relating to the purchase of property, plant and equipment are deferred and are recognized in the income statement on a straight line basis over the expected lives of the related assets. Grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.8 Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalized and the replaced part is retired.

Depreciation is calculated on a straight-line basis in accordance with the following annual depreciation rates:

Machinery and equipment	15%-30%
Transportation means	12%-20%
Operational fixtures	12%-20%

2.9. Cash

Cash comprises of bank accounts balances.

2.10. Prepayments

Prepayments are carried at cost less provision for impairment. If there is an indication that the assets, goods or services relating to an advance will not be received, the carrying value of the advance is written down accordingly and a corresponding impairment loss is recognised in the income statement.

3. Property and equipment

Property and equipment represent fixed assets acquired in the scope of the implemented projects for use at ATDF.

	Vehicles	Equipment	Office furniture and fixtures	Total
	USD	USD	USD	USD
As of January 1, 2019				
Acquisitions	129,391	400,101	25,096	554,588
Write-offs	-	2,524	-	2,524
As of December 31, 2019	(32,443)	-	-	(32,443)
As of January 1, 2019	96,948	402,625	25,096	524,669
Merger of WSPIU (Note 1.2)	55,523	7,839	1,410	64,772
Acquisitions	-	19,850	-	19,850
Write-offs	-	(381)	-	(381)
As of December 31, 2020	152,471	429,933	26,506	608,910
Accumulated depreciation				
As of January 1, 2019	43,408	376,624	7,584	427,616
Annual charges	15,880	14,101	3,133	33,114
Write-offs	(11,822)	-	-	(11,822)
As of December 31, 2019	47,466	390,725	10,717	448,908
Annual charges	26,989	18,528	2,621	48,138
Write-offs	-	(4,244)	-	(4,244)
As of December 31, 2020	74,455	405,009	13,338	492,802
Carrying Value				
As of December 31, 2019	49,482	11,900	14,379	75,761
As of December 31, 2020	78,016	24,924	13,168	116,108

(a) As at 31.12.2020 the property and equipment with cost of 354,687 USD are fully depreciated (31.12.2019: 346,275 USD).

(b) The Foundation carries out its activities in the following areas provided free of charge by the state. These areas are accounted by equity approach, a net approach that recognizes grants out of profit or loss, and does not recognize assets or liabilities in respect of that grant in accordance with IAS 20 "Accounting for government grants and disclosure of government assistance".

- 31 Ulnetsi, Yerevan, 5th and 6th floor, total 1,456.8 square meters;
- 8 Vardanants dead-end Yerevan, 5th floor, total 612.6 square meters.

4. Funds receivable

It represents funds receivable for implementation of the projects by the ATDF:

Programs	Note	31.12.2020 USD	31.12.2019 USD
SILD	4.1	6,566,672	12,237,466
SSIP	4.2	73,479,289	72,780,302
LEID	4.3	58,602,974	61,717,073
USAID	4.4	3,531,416	4,175,331
ISMP	4.5	30,614,710	-
VEDI	4.6	29,570,092	-
IWRM	4.7	79,391,190	-
CIP II-P2,P3	4.8	94,407,980	-
Other		12,775,634	-
		<u>388,939,957</u>	<u>150,910,172</u>

4.1 SILD

	IBRD 8483-AM	Government of RoA cofinancing	Community contribution	Donors	Total
	USD	USD	USD	USD	USD
As at 31.12.2019	<u>8,728,81</u>	<u>3,375,388</u>	<u>132,543</u>	<u>716</u>	<u>12,237,46</u>
Granted	-	-	-	-	-
Other addition/ (deduction)	-	-	244,688	-	244,688
Received	(4,134,290)	(1,403,961)	(377,231)	-	(5,915,482)
As at 31.12.2020	<u>4,594,52</u>	<u>1,971,427</u>	<u>-</u>	<u>716</u>	<u>6,566,672</u>

4.2 SSIP

	ADB Loan 3284-ARM	Government of RoA cofinancing	Total
	USD	USD	USD
As at 31.12.2019թ.	<u>57,008,895</u>	<u>15,771,407</u>	<u>72,780,302</u>
Granted	-	-	-
Revaluation	2,368,036	-	2,368,036
Received	-	(1,669,049)	(1,669,049)
As at 31.12.2020թ.	<u>59,376,931</u>	<u>14,102,358</u>	<u>73,479,289</u>

4.3 LEID

	IBRD 8572-AM USD	Government of RoA cofinancing USD	Total USD
As at 31.12.2019թ.	49,138,963	12,578,110	61,717,073
Granted	-	-	-
Received	(2,271,383)	(842,716)	(3,114,099)
As at 31.12.2020թ.	46,867,580	11,735,394	58,602,974

4.4 USAID

	USAID USD	Community contribution USD	Total USD
As at 31.12.2018թ.	3,504,000	671,331	4,175,331
Granted	-	-	-
Received	(629,000)	(14,915)	(643,915)
As at 31.12.2019թ.	2,875,000	656,416	3,531,416

4.5 ISMP

	EDB USD	Government of RoA cofinancing USD	Community contribution USD	Total USD
Merger (Note 1.2)	30,513,327	7,548,968	1,320,306	39,382,601
Granted	-	-	-	-
Received	(6,536,281)	(1,401,508)	(830,102)	(8,767,891)
As at 31.12.2020	23,977,046	6,147,460	490,204	30,614,710

4.6 VEDI

	AFD USD	Government of RoA cofinancing USD	Total USD
Merger (Note 1.2)	31,363,833	7,389,217	38,753,050
Granted	-	-	-
Revaluation	1,733,670	466,946	2,200,616
Received	(9,783,973)	(1,599,601)	(11,383,574)
As at 31.12.2020թ.	23,313,530	6,256,562	29,570,092

4.7 IWRM

	KFW	Government of RoA cofinancing	Total
	USD	USD	USD
Merger (Note 1.2)	52,995,633	10,821,400	63,817,033
Granted	-	10,163,668	10,163,668
Revaluation	5,041,281	1,287,340	6,328,621
Received	(189,743)	(728,389)	(918,132)
As at 31.12.2020թ.	57,847,171	21,544,019	79,391,190

4.8 CIP II-P2,P3

	KFW	Government of RoA cofinancing	Total
	USD	USD	USD
Merger (Note 1.2)	73,731,322	14,786,664	88,517,986
Granted	-	-	-
Revaluation	6,965,512	1,396,913	8,362,425
Received	(2,393,807)	(78,624)	(2,472,431)
As at 31.12.2020թ.	78,303,027	16,104,953	94,407,980

5. Prepayments

	31.12.2020 USD	31.12.2019 USD
Advances for Works	16,777,618	2,340,813
Other advances	529,029	40,593
	<u>17,306,647</u>	<u>2,381,406</u>
Prepayment on projects		
SSIP	4,501,601	2,024,008
LEID	771,724	72,077
ISMP	3,471,684	-
VEDI	5,666,488	-
CIP II-P2,P3	2,561,964	-
Other projects	333,186	285,321
	<u>17,306,647</u>	<u>2,381,406</u>

The Prepayments are mainly result from prepayments to contractors up to 20% on construction contracts secured with relevant bank guarantees.

6. Cash and cash equivalents

	Project	Currency	31.12.2020 USD	31.12.2019 USD
Designated account (IBRD 8283-AM)	SILD	USD	1,186,485	871,912
Deposit account (ADB 3284-ARM)	SSIP	USD	3,826,185	12,198,218
Designated account (IBRD 8572)	LEID	USD	84,056	1,163,926
Designated account (EDB)	ISMP	USD	2,547,669	-
Community cofinancing account	ISMP	AMD	570,653	-
Designated account (AFD)	VEDI	EUR	4,490,513	-
Other accounts		USD	1,978,719	77
Other accounts		EUR	10	-
Other accounts		AMD	2,964,776	5,961,040
			<u>17,649,066</u>	<u>20,195,173</u>

7. Founders' contribution

The Government of the Republic of Armenia is the sole founder of ATDF. The Founder contributed Property and Equipment with the valued amount of USD 151,631. Those assets were fully depreciated as at 31 December 2006.

8. Government grants

Bellow presented grants movements for the implementation of ATDF Projects:

Year ended 31.12.2020	SILD USD	SSIP USD	LEID USD	USAID USD	ISMP USD	VEDI USD	IWRM USD	CIP II-P2,P3 USD	Other USD	Total USD
Opening balance	13,435,553	86,376,141	62,786,274	4,292,012	-	-	-	-	5,239,918	172,129,898
WSPUI (Note 1.2)	-	-	-	-	44,645,935	41,833,444	63,497,465	88,964,014	13,424,897	252,365,755
Grants received	-	-	-	-	-	-	10,163,668	-	(594,982)	9,568,686
Other increase/ (decrease)	244,688	-	-	-	-	-	-	-	(37,558)	207,130
Revaluation	-	2,368,036	-	-	(158,434)	3,148,260	6,306,948	8,436,756	1,454,964	21,556,530
Income correspond- ing to compensated costs	(5,391,487)	(7,288,367)	(3,603,822)	(528,911)	(7,635,917)	(9,710,998)	(585,232)	(430,816)	(3,015,123)	(38,190,673)
Closing balance	8,288,754	81,455,810	59,182,452	3,763,101	36,851,584	35,270,706	79,382,849	96,969,954	16,472,116	417,637,326

Year ended 31.12.2019	SILD USD	SSIP USD	LEID USD	USAID USD	Other USD	Total USD
Opening balance	18,711,164	93,615,526	67,457,327	5,199,947	10,184,534	195,168,498
Grants received	-	-	-	-	1,349,901	1,349,901
Other increase/ (decrease)	-	-	-	-	29,670	29,670
Revaluation	-	(328,161)	-	-	-	(328,161)
Income correspond- ing to compensated costs	(5,275,611)	(6,911,224)	(4,671,053)	(907,935)	(6,324,187)	(24,090,010)
Closing balance	13,435,553	86,376,141	62,786,274	4,292,012	5,239,918	172,129,898

9. Accounts payable

	31.12.2020 USD	31.12.2019 USD
Payables for works	6,098,392	1,104,016
Other payables	214,985	170,172
	<u>6,313,377</u>	<u>1,274,188</u>
Payables per project		
SSIP	377,457	654,868
LEID	289,091	164,810
ISMP	353,700	-
VEDI	4,496,715	-
Other	796,414	454,510
	<u>6,313,377</u>	<u>1,274,188</u>

- (a) Retentions of 10% on VEDI project, 5% on SILD, SSIP, LEID and ISMP projects, and 2.5% on other projects are held from the completed service invoice for up to one year as a guaranty for the quality of the work.

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10. Cost of the Projects

For year ended 31.12.2020	SILD	SSIP	LEID	USAID	ISMP	VEDI	IWRM	CIP II- P2,P3	Other	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Works	543,400	6,622,164	3,337,974	-	7,150,181	9,001,055	-	-	2,326,998	28,981,772
Goods	4,187,960	-	-	447,998	-	-	-	-	153,858	4,789,816
Consultants' services and Training	86,142	497,505	193,021	71,043	263,082	599,938	531,795	430,816	405,954	3,079,296
Operating costs	559,402	162,484	72,734	6,498	213,974	94,810	53,436	-	128,313	1,291,651
Depreciation of PPE	14,583	6,214	94	3,372	8,680	15,195	-	-	-	48,138
Total	5,391,487	7,288,367	3,603,823	528,911	7,635,917	9,710,998	585,231	430,816	3,015,123	38,190,673

For the year ended 31.12.2019	SILD	SSIP	LEID	USAID	Other	Total
	USD	USD	USD	USD	USD	USD
Works	1,227,605	6,317,503	4,491,281	-	6,067,292	18,103,681
Goods	3,389,298	16,760	-	852,505	133,121	4,391,684
Consultants' services and Training	50,057	426,862	107,346	44,058	82,127	710,450
Operating costs	591,986	147,701	72,331	6,859	32,205	851,082
Depreciation of PPE	16,665	2,398	95	4,513	9,442	33,113
Total	5,275,611	6,911,224	4,671,053	907,935	6,324,187	24,090,010

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11. Cash Flows Per Projects

Year ended 31.12.2020	SILD	SSIP	LEID	USAID	ISMP	VEDI	IWRM	CIP II- P2,P3	Other	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Funds received/ (returned)	5,915,482	1,669,049	3,114,099	643,915	8,767,891	11,383,574	918,132	2,472,431	(276,751)	34,607,822
Loan/Credit/Grant	4,134,290	-	2,271,383	629,000	6,536,281	9,783,973	189,743	2,393,807	(463,093)	25,475,384
RoA Government	1,403,961	1,669,049	842,716	-	1,401,508	1,599,601	728,389	78,624	(5,595)	7,718,253
Community Contributions	377,231	-	-	14,915	830,102	-	-	-	83,535	1,305,783
Other Sponsors	-	-	-	-	-	-	-	-	108,402	108,402
Expenditures on Projects	(5,456,431)	(10,037,155)	(4,179,094)	(528,671)	(10,359,041)	(7,757,134)	(900,723)	(2,263,389)	(3,271,459)	(44,753,097)
Works	(603,023)	(9,377,093)	(3,913,339)	-	(9,854,802)	(7,161,509)	-	(1,833,122)	(2,563,620)	(35,306,508)
Goods	(4,207,864)	-	-	(451,131)	-	-	-	-	(167,366)	(4,826,361)
Consultant Services and Training	(86,142)	(497,578)	(193,021)	(71,042)	(290,684)	(495,264)	(847,361)	(430,267)	(421,071)	(3,332,430)
Operating Costs	(559,402)	(162,484)	(72,734)	(6,498)	(213,555)	(100,361)	(53,362)	-	(119,402)	(1,287,798)
Other operating flows	38,164	-	-	-	-	-	-	-	(26,763)	11,401
Foreign exchange gain/(loss)	(49,100)	(6,421)	(14,875)	(6,906)	(154,849)	771,608	(17,409)	(209,042)	(311,868)	1,138
Net cash flows	448,115	(8,374,527)	(1,079,870)	108,338	(1,745,999)	4,398,048	-	-	(3,886,841)	(10,132,736)
Opening cash balance	1,180,088	12,228,459	1,163,925	109,256	-	-	-	-	5,513,445	20,195,173
WSPIU merger (Note 1.2)	-	-	-	-	4,864,321	92,464	-	10	2,629,834	7,586,629
Closing cash balance	1,628,203	3,853,932	84,055	217,594	3,118,322	4,490,512	-	10	4,256,438	17,649,066

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For the year ended 31.12.2019	SILD	SSIP	LEID	USAID	Other	Total
	USD	USD	USD	USD	USD	USD
Funds received/ (returned)	5,247,760	1,184,307	4,405,012	890,830	2,135,101	13,863,010
Loan/Credit/Grant	3,650,424	-	3,676,254	890,411	1,337,132	9,554,221
RoA Government	1,353,445	1,184,307	728,758	419	-	3,266,929
Community Contributions	243,891	-	-	-	760,965	1,004,856
Other Sponsors	-	-	-	-	37,004	37,004
Expenditures on Projects	(5,157,410)	(7,016,732)	(3,658,453)	(903,918)	(6,045,377)	(22,781,890)
Works	(1,126,068)	(6,442,175)	(3,478,761)	(1,154)	(5,777,086)	(16,825,244)
Goods	(3,389,299)	-	-	(851,847)	(133,121)	(4,374,267)
Consultant Services and Training	(44,848)	(426,855)	(107,360)	(44,058)	(79,118)	(702,239)
Operating Costs	(597,195)	(147,702)	(72,332)	(6,859)	(56,052)	(880,140)
Other operating flows	(34,931)	-	-	-	(20,959)	(55,890)
Foreign exchange gain/(loss)	6,166	5,368	2,972	956	105,320	120,782
Net cash flows	61,585	(5,827,057)	749,531	(12,132)	(3,825,915)	(8,853,988)
Opening cash balance	1,118,505	18,055,516	414,394	121,389	9,339,357	29,049,161
Closing cash flows	1,180,090	12,228,459	1,163,925	109,257	5,513,442	20,195,173

12. Taxes

Applicable taxes are paid in accordance with Tax Code of the Republic of Armenia. Income tax rate in the Republic of Armenia for year 2020 is set at 18% (2019: 20%).

13. Litigations

There are two claims against the ATDF as of reporting date and date of signing these financial statements, within the framework of renovation project of Jermuk:

- Request for contractual obligations
- To dissolve the contract with the contractor organization and compensate for the damage.

14. IFRS 13 Fair Value measurement disclosures

The following table sets out the assets and liabilities for which fair values are disclosed in the notes:

Item	Fair Value USD	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Funds receivable	388,939,957	<i>Current</i> The carrying amount of short term (less than 12 months) payables approximates its fair values.	Level 3	N/A
Trade payables	6,313,377	<i>Current</i> The carrying amount of short term (less than 12 months) payables approximates its fair values.	Level 3	N/A