

**ARMENIAN TERRITORIAL DEVELOPMENT FUND**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
for the year ended 31 December 2017**

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<b>Fund address:</b>	31 K. Ulnetsi Street, Yerevan, 0037, Republic of Armenia
<b>Legal form:</b>	Foundation
<b>Principal activities</b>	The principal activities of the Foundation is presented in the 1 <sup>st</sup> note
<b>Executive director</b>	Ashot Kirakosyan

## 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 2017, 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 2017, 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) of the International Federation of Accountants (IFAC). 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.

### **Responsibilities of the Management 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.

### **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  
25 June 2018

  
Vahagn Sahakyan, FCCA  
Managing Partner

  
Gnel Khachatryan, FCCA  
Engagement Partner

The financial statements were approved by the management of the Armenian Social Investment Fund on 25 June 2018 and signed on its behalf. The accompanying notes form an integral part of these financial statements.

4.3/June



**Armenian Territorial Development Fund**  
**Statement of comprehensive income**  
For the year ended 31 December 2017

	Note	2017 USD	2016 USD
Cost of the Projects	10	(12,627,114)	(9,385,103)
Income from Grants	8	12,627,114	9,385,103
Other income/(expense), net		3,046	-
Exchange gain/(loss), net		(14,340)	5,247
<b>Results of the year before income tax</b>		<b>(11,294)</b>	<b>5,247</b>
Income tax		(612)	-
<b>Results of the year</b>		<b>(11,906)</b>	<b>5,247</b>
Other comprehensive income		-	-
<b>Comprehensive result for the year</b>		<b>(11,906)</b>	<b>5,247</b>

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**Ashot Kirakosyan**  
Executive Director



**Levon Dulyan**  
Finance and Administrative Director

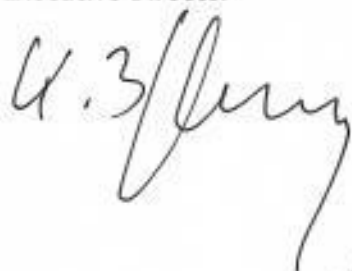



**Armenian Territorial Development Fund**  
**Statement of changes in equity**  
For the year ended 31 December 2017

	Founders contribution USD	Accumulated deficit USD	Total USD
As at 1 January 2016	151,631	(177,877)	(26,246)
Results of the year	-	5,247	5,247
As at 31 December 2016	151,631	(172,630)	(20,999)
Results of the year	-	(11,906)	(11,906)
As at 31 December 2017	151,631	(184,536)	(32,905)

*The financial statements were approved by the management of the Armenian Social Investment Fund on 25 June 2018 and signed on its behalf. The accompanying notes form an integral part of these financial statements.*

**Ashot Kirakosyan**  
Executive Director



**Levon Dulyan**  
Finance and Administrative Director




**Armenian Territorial Development Fund**  
**Statement of cash flows**  
**For the year ended 31 December 2017**

	2017 USD	2016 USD
<b>Operating cash flows</b>		
<b>Funds received/(refunded)</b>		
SILD	7,742,652	9,219,306
Jermuk project	2,483,629	-
USAID Grant	2,387,119	286,757
SSIP	766,443	3,779,650
SDC Grant	354,180	-
LEID	144,255	-
SDC Grant-1	-	6,646
ASIF III	-	-
	<b>13,878,278</b>	<b>13,292,359</b>
<b>Projects Expenditures</b>		
SILD	(6,965,221)	(8,868,111)
Jermuk project	(1,030,769)	-
USAID Grant	(2,347,416)	(278,251)
SSIP	(4,502,864)	(490,960)
SDC Grant	(107,916)	-
LEID	(53,494)	-
SDC Grant-1	(6)	(4,560)
ASIF III	(16,045)	(12,216)
	<b>(15,023,731)</b>	<b>(9,654,098)</b>
<b>Other operating cash flows (net)</b>	<b>35,637</b>	<b>15,171</b>
<b>Total Operating cash flows</b>	<b>(1,109,816)</b>	<b>3,653,432</b>
 <b>Exchange gain/(loss) on cash</b>	 <b>(15,903)</b>	 <b>4,710</b>
<b>Net cash flows</b>	<b>(1,125,719)</b>	<b>3,658,142</b>
<b>Opening cash balance</b>	<b>26,110,187</b>	<b>22,452,045</b>
<b>Closing cash balance</b>	<b>24,984,468</b>	<b>26,110,187</b>

*The financial statements were approved by the management of the Armenian Social Investment Fund on 25 June 2018 and signed on its behalf. The accompanying notes form an integral part of these financial statements.*

**Ashot Kirakosyan**  
Executive Director

*4.3/July*



**Levon Dulyan**  
Finance and Administrative Director

*[Signature]*



## 1. Background

### 1.1 *The foundation and its objectives*

The Armenian Territorial Development Fund (ATDF) 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, 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 Republic of Armenia dated on 13 September 2000.

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

The ATDF implements projects 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 Republic of Armenia.

The projects are financed by the Government of the Republic of Armenia 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:

- Government of the Republic of Armenia,
- Local Communities,
- Other Sponsors.

### 1.2 *The implemented projects*

The major projects implemented by ATDF/ASIF since its incorporation are ASIF I, ASIF II, ASIF III, SILD, SSIP and LEID projects with objective to raise the living standards of the poor and vulnerable groups in the Republic of Armenia through:

- a) improving the quality and access, and increasing the coverage of community infrastructure and services in poor communities, and for the most vulnerable groups in response to critical emerging needs; and
- b) promoting complementary institutional capacity building at the community and municipal level so as to improve the quality and sustainability of service delivery and municipal investments, increase accountability, and enhance greater stakeholder empowerment at local level.

In year ended 31.12.2017, the ATDF implemented the following 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 Closing date for the Loan Number 8483-AM financing is set on 30 June 2020.

- "SSIP" - "Seismic Safety Improvement Program", financed by Loan Agreement ADB Loan 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 2021.

- "USAID Grant" - "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 10 August 2020.

- "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 30 April 2021.

- "SDC Grant" - "Social Investment and Local Development SDC" project dated 23 September 2016, financed by the Swiss Agency for Development and Cooperation (SDC), and countersigned on 13 October 2016 between the Republic of Armenia and IBRD in the amount of 2,428,300 USD. The objective of the project is to improve capacities of municipalities in Southern Armenia to provide sustainable public infrastructure and services to their citizens.

The Project became effective on 2 February 2017. The Project related activities commenced from 15 March 2017. The closing date of the project is set on 31 December 2018.

- The project of resolving of the priority issues in Jermuk community of Vayots Dzor region, financed by the State budget of the Republic of Armenia, in the amount of 1,190,693.5 AMD.

## 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) within the International Federation of Accountants (IFAC).

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 2017
- Annual Improvements to IFRSs (2014 - 2016 Cycle): IFRS 12 Disclosure of interests in other entities
  - IAS 12 Income Taxes (Amendment - Recognition of Deferred Tax Assets for Unrealized Losses)
  - IAS 7 Statement of Cash Flows (Disclosure Initiative Amendments);
- None of the amendments to Standards that are effective from that date had a significant effect on the Company's financial statements.

*b) New standards, interpretations and amendments not yet effective*

#	Pronouncement	Nature of the impending change in accounting policy on adoption of the pronouncement	Date by which application of the IFRS is required	Date Company plans to apply the pronouncement initially	Impact of initial application on financial statements
1	IFRS 9 Financial Instruments (2014)	IFRS 9 Financial Instruments (2014) incorporates the final requirements on all three phases of the financial instruments projects - classification and measurement, impairment, and hedge accounting.	1 January 2018 Early adoption permitted	1 January 2018	No impact envisaged
2	IFRS 15, Revenue from contracts with customers	IFRS 15 has a single model to deal with revenue from contracts with customers. Its core principal is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services	1 January 2018 Early adoption permitted	1 January 2018	No impact envisaged
3	IFRS 16, Leases (2017)	Under IFRS 16 a lessee recognizes a right-of-use assets and a lease liability. The right-of-use assets is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of lease payments payable over the lease term.	1 January 2019 Early adoption permitted	1 January 2019	No impact envisaged
4	IFRIC 22 Foreign Currency Transactions and Advance Consideration	The interpretation addresses foreign currency transactions or parts of transactions where: (a) there is consideration that is denominated or priced in a foreign currency; the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary.	1 January 2018 Early adoption permitted	1 January 2018	No impact envisaged

#	Pronouncement	Nature of the impending change in accounting policy on adoption of the pronouncement	Date by which application of the IFRS is required	Date Company plans to apply the pronouncement initially	Impact of initial application on financial statements
5	IFRIC 23 Uncertainty Over Income Tax	The interpretation addresses how to determine the taxable profit(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over treatment under IAS 12, Income Tax.	1 January 2019 Early adoption permitted	1 January 2019	No impact envisaged

## **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:

- Cash and cash equivalents
- Trade and other payables

**(b) Financial instruments by category**

<i>Financial assets</i>	<b>Borrowings and accounts receivable</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>USD</b>	<b>USD</b>
Funds receivable	177,901,454	183,625,098
Cash and cash equivalents	24,984,468	26,110,187
	<b>202,885,922</b>	<b>209,735,285</b>

<i>Financial liabilities</i>	<b>Financial liabilities at amortized cost</b>	
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Trade and other payables	590,649	365,872
	<b>590,649</b>	<b>365,872</b>

**(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 USD	Between 1 and 3 months USD	Between 3 and 12 months USD	Between 1 and 5 years USD	Over 5 years USD
<b>At 31 December 2017</b>					
Trade and other payables	18,181	45,510	437,848	89,110	-
	<b>18,181</b>	<b>45,510</b>	<b>437,848</b>	<b>89,110</b>	<b>-</b>

## 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. Settlement rate of foreign currency over functional currency established by the Central Bank of the Republic of Armenia is taken as the exchange rate.

The ATDF's accounts are maintained and transactions are mainly made in USD and Armenian Drams (AMD). Transactions denominated in local currency are translated into USD as follows:

- Contributions of the Republic of Armenia expressed in AMD are presented in USD at the official exchange rate defined by the Central Bank of Armenia at the date of transfer.
- Payments to contractors and suppliers expressed in AMD are presented in USD at the exchange rates defined by the CBA at the date of payment.

The exchange rate defined by the CBA as at 31 December 2016 is: USD 1 = 483.65 AMD,  
The exchange rate defined by the CBA as at 31 December 2017 is: USD 1 = 483.17 AMD.

## 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, plant and equipment**

Property, plant 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	20%
Transportation means	20%
Operational fixtures	20%

## **2.9 Cash**

Cash comprises of cash balances and 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.

Projects	ASIF III	SILD	USAID	SDC	SSIP	LEID	Total
	USD	USD	USD	USD	USD	USD	USD
<b>Cost</b>							
As of January 1, 2016	332,202	10,229	5,359	16,510	-	-	364,300
Acquisitions	-	106,389	18,760	1,399	44,117	-	170,665
As of December 31, 2016	332,202	116,618	24,119	17,909	44,117	-	534,965
Acquisitions	-	5,777	4,112	-	-	711	10,600
As of December 31, 2017	332,202	122,395	28,231	17,909	44,117	711	545,565
<b>Accumulated depreciation</b>							
As of January 1, 2016	316,394	2,063	1,082	3,300	-	-	322,839
Annual charges	7,180	14,681	3,709	3,564	6,187	-	35,321
As of December 31, 2016	323,574	16,744	4,791	6,864	6,187	-	358,160
Annual charges	8,628	16,044	4,080	3,546	6,317	88	38,703
As of December 31, 2017	332,202	32,788	8,871	10,410	12,504	88	396,863
<b>Carrying Value</b>							
As of December 31, 2016	8,628	99,874	19,328	11,045	37,930	-	176,805
As of December 31, 2017	-	89,607	19,360	7,499	31,613	623	148,702

As at 31.12.2017 the property and equipment with cost of 332,202 USD are fully depreciated (31.12.2016: 330,209 USD).

### 4. Funds receivable

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

Project	Note	As at 31.12.2017 USD	As at 31.12.2016 USD
LEID	4.1	68,433,870	68,715,625
SDC Grant	4.2	2,164,470	-
SILD	4.3	24,255,627	31,998,279
SSIP	4.4	76,357,222	73,833,811
USAID	4.5	6,690,265	9,077,383
		<b>177,901,454</b>	<b>183,625,098</b>

#### 4.1. LEID

	IBRD 8572-AM USD	RA Government co-financing USD	Total USD
Receivable as at 31.12.2016	55,000,000	13,715,625	68,715,625
Granted	-	-	-
Received	(270,896)	(10,859)	(281,755)
Receivable as at 31.12.2017	54,729,104	13,704,766	68,433,870

#### 4.2 SDC Grant

	SDC grant USD	Comunity Contribution USD	Total USD
Receivable as at 31.12.2016	-	-	-
Granted	2,428,300	90,350	2,518,650
Received	(314,915)	(39,265)	(354,180)
Receivable as at 31.12.2017	2,113,385	51,085	2,164,470

#### 4.3 SILD

	IBRD 8483-AM USD	RA Govern- ment co- financing USD	Com- munity Contr- ibution USD	Donors USD	Total USD
Receivable as at 31.12.2016	22,726,528	8,348,446	922,589	716	31,998,279
Granted	-	-	-	-	-
Received	(5,518,643)	(1,792,986)	(431,023)	-	(7,742,652)
Receivable as at 31.12.2017	17,207,885	6,555,460	491,566	716	24,255,627

#### 4.4 SSIP

	ADB Loan 3284-ARM USD	RA Government USD	Total USD
Receivable as at 31.12.2016	55,421,685	18,412,126	73,833,811
Granted	-	-	-
Revaluation	3,289,854	-	3,289,854
Received	-	(766,443)	(766,443)
Receivable as at 31.12.2017	58,711,539	17,645,683	76,357,222

#### 4.5 USAID Grant

	USAID Grant USD	Community Contribution USD	Total USD
Receivable as at 31.12.2016	8,295,404	781,979	9,077,383
Granted	-	-	-
Received/refund	(2,324,404)	(62,715)	(2,387,119)
Receivable as at 31.12.2017	5,971,000	719,264	6,690,265

#### 5. Prepayments

Project	As at 31.12.2017 USD	As at 31.12.2016 USD
SSIP	2,553,996	-
SILD (a) Jermik project	642,958	753,076
	311,478	
	3,508,432	753,076

(a) 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

	Currency	As at 31.12.2017 USD	As at 31.12.2016 USD
ASIF III			
Current accounts (a)	AMD	104,946	93,900
Community contribution account		7,804	-
Sponsors contribution account		847	-
		113,597	93,900
SDC Grant-1			
SDC Grant-1	CHF	-	168
		-	168
SDC Grant			
SDC Grant	USD	207,001	-
Community contribution account	AMD	39,061	-
		246,062	-
SILD			
Designated account (IBRD 8283-AM)	USD	928,023	201,947
Government of RoA	AMD	-	-
Community contribution account	AMD	594,271	524,523
Sponsors contribution account	AMD	1,832	20,143
Local account	AMD	-	5
Cash on hand	AMD	-	96
		1,524,126	746,714
SSIP			
Deposit account (ADB 3284-ARM)	USD	21,504,883	25,241,353
		21,504,883	25,241,353
USAID Grant			
Grant account	USD	323	19,654
Community contribution account	AMD	63,004	4,161

<b>LEID</b>		<u>63,327</u>	<u>23,815</u>
Grant account	USD	<u>90,595</u>	-
		<b>90,595</b>	-
<b>Jermuk project</b>			
Grant account	AMD	<u>1,437,497</u>	-
		<u>1,437,497</u>	-
Other accounts	AMD	<u>4,381</u>	<u>4,237</u>
		<b>24,984,468</b>	<b>26,110,187</b>

- (a) Current account of ASIF III mostly consists of Community Contribution funds balances (113,597 USD) to cover ASIF III Civil works' retentions (Note 9) and accrued interest (112,874 USD).

#### **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

Opening balance	For the year ended 31 Dec 2017								
	ASIF III USD	SDC Grant-1 USD	SDC Grant USD	SILD USD	SSIP USD	LEID USD	USAID Grant USD	Jermuk project	Total USD
	22,306	8,122	-	33,343,517	99,110,196	68,715,625	9,120,527	-	210,320,293
Grants received	-	-	2,518,650	-	-	-	-	2,483,629	5,002,279
Other increase/(decrease)	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	3,289,854	-	-	-	3,289,854
Income corresponding to compensated costs	(8,634)	(3,552)	(107,916)	(7,153,691)	(2,044,347)	(190,372)	(2,361,564)	(757,038)	(12,627,114)
<b>Closing balance</b>	<b>13,672</b>	<b>4,570</b>	<b>2,410,734</b>	<b>26,189,826</b>	<b>100,355,703</b>	<b>68,525,253</b>	<b>6,758,963</b>	<b>1,726,591</b>	<b>205,985,312</b>

Opening balance	For the year ended 31 Dec 2016						
	ASIF III USD	SDC Grant USD	SILD USD	SSIP USD	LEID USD	USAID Grant USD	Total USD
	29,498	24,765	41,997,073	102,100,000	-	9,383,727	153,535,063
Grants received	-	-	-	-	68,715,625	-	68,715,625
Other increase/(decrease)	-	(8,519)	-	-	-	-	(8,519)
Revaluation	-	-	-	(2,536,773)	-	-	(2,536,773)
Income corresponding to compensated costs	(7,192)	(8,124)	(8,653,556)	(453,031)	-	(263,200)	(9,385,103)
<b>Closing balance</b>	<b>22,306</b>	<b>8,122</b>	<b>33,343,517</b>	<b>99,110,196</b>	<b>68,715,625</b>	<b>9,120,527</b>	<b>210,320,293</b>

## 9. Accounts payable

	As at 31.12.2017 USD	As at 31.12.2016 USD
<b>SILD</b>		
Works (a)	322,610	256,616
Other payables	2,275	882
	<u>324,885</u>	<u>257,498</u>
<b>ASIF III</b>		
Works (a)	14,904	30,232
Payables on interest accrued	112,874	77,224
	<u>127,778</u>	<u>107,456</u>
<b>SSIP</b>		
Works (a)	89,110	-
Other payables	18	918
	<u>89,128</u>	<u>918</u>
<b>Jermuk project</b>		
Works (a)	37,746	-
	<u>37,746</u>	<u>-</u>
<b>USAID</b>		
Works (a)	11,111	-
	<u>11,111</u>	<u>-</u>
<b>LEID</b>		
Other payables	1	-
	<u>1</u>	<u>-</u>
<b>Total</b>	<u>590,649</u>	<u>365,872</u>

(a) Retentions of 5% on ASIF III project 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.

## 10. Cost of the Projects

	Year ended 31 Dec 2017								
	ASIF III USD	SDC Grant-1 USD	SDC Grant USD	SILD USD	SSIP USD	USAID Grant USD	LEID USD	Jermuk project USD	Total USD
Works	-	-	-	5,838,718	1,782,208	244,486	-	754,937	8,620,349
Goods	-	-	89,109	244,184	-	2,000,077	(710)	-	2,332,660
Consultants' services and Training	-	-	7,931	371,282	70,860	110,309	-	2,101	562,483
Operating costs	6	-	10,876	683,464	184,962	2,612	53,494	-	935,414
Depreciation of PPE	8,628	3,552	-	16,043	6,317	4,080	88	-	38,708
Front-end fee	-	-	-	-	-	-	137,500	-	137,500
<b>Total</b>	<b>8,634</b>	<b>3,552</b>	<b>107,916</b>	<b>7,153,691</b>	<b>2,044,347</b>	<b>2,361,564</b>	<b>190,372</b>	<b>757,038</b>	<b>12,627,114</b>

	Year ended 31 Dec 2016					
	ASIF III USD	SDC Grant USD	SILD USD	SSIP USD	USAID Grant USD	Total USD
Works	-	-	7,074,387	-	-	7,074,387
Goods	-	-	160,805	-	212,139	372,944
Consultants' services and Training	-	4,551	735,518	308,797	31,000	1,079,866
Operating costs	12	9	668,165	138,047	16,352	822,585
Depreciation of PPE	7,180	3,564	14,681	6,187	3,709	35,321
Front-end fee	-	-	-	-	-	-
<b>Total</b>	<b>7,192</b>	<b>8,124</b>	<b>8,653,556</b>	<b>453,031</b>	<b>263,200</b>	<b>9,385,103</b>



## 11. Cash Flows

	For the year ended 31 Dec 2017									
	ASIF III	SDC Grant-1	SDC Grant	SILD	SSIP	USAID Grant	LEID	Jermuk project	ATDF other	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Funds received/ (returned)</b>	-	-	354,180	7,742,652	766,443	2,387,119	144,255	2,483,629	-	13,878,278
Loan/Credit/Grant	-	-	314,915	5,518,643	-	2,324,404	133,397	-	-	8,291,359
RA Government	-	-	-	1,792,986	766,443	-	10,858	2,483,629	-	5,053,916
Community Contributions	-	-	39,265	431,023	-	62,715	-	-	-	533,003
Other Sponsors	-	-	-	-	-	-	-	-	-	-
<b>Expenditures on Projects</b>	(16,045)	(6)	(107,916)	(6,965,221)	(4,502,864)	(2,347,416)	(53,494)	(1,030,769)	-	(15,023,731)
Works	(16,039)	-	-	(5,660,494)	(4,247,042)	(233,375)	-	(1,028,668)	-	(11,185,618)
Goods	-	-	(89,109)	(249,951)	-	(2,001,123)	-	-	-	(2,340,183)
Consultant Services and Training	-	-	(7,931)	(371,312)	(70,860)	(110,305)	-	(2,101)	-	(562,509)
Operating Costs	(6)	(6)	(10,876)	(683,464)	(184,962)	(2,613)	(53,494)	-	-	(935,421)
Front-end fee	-	-	-	-	-	-	-	-	-	-
<b>Other operating cash flows (net)</b>	35,658	(162)	-	-	-	-	-	-	141	35,637
<b>Foreign currency gain/ (loss)</b>	84	-	(202)	(19)	(49)	(191)	(166)	(15,363)	3	(15,903)
<b>Net cash result</b>	19,697	(168)	246,062	777,412	(3,736,470)	39,512	90,595	1,437,497	144	(1,125,719)
<b>Opening cash balance</b>	93,900	168	-	746,714	25,241,353	23,815	-	-	4,237	26,110,187
<b>Closing cash balance</b>	113,597	-	246,062	1,524,126	21,504,883	63,327	90,595	1,437,497	4,381	24,984,468

	For the year ended 31 Dec 2016						
	ASIF III	SDC Grant	SILD	SSIP	USAID Grant	ATDF other	Total
	USD	USD	USD	USD	USD	USD	USD
<b>Funds received/ (returned)</b>	-	6,646	9,219,306	3,779,650	286,757	-	13,292,359
Loan/Credit/Grant	-	6,646	6,328,253	3,691,776	282,596	-	10,309,271
RA Government	-	-	2,131,066	87,874	-	-	2,218,940
Community Contributions	-	-	759,987	-	4,161	-	764,148
Other Sponsors	-	-	-	-	-	-	-
<b>Expenditures on Projects</b>	(12,216)	(4,560)	(8,868,111)	(490,960)	(278,251)	-	(9,654,098)
Works	(12,204)	-	(7,197,264)	-	-	-	(7,209,468)
Goods	-	-	(267,195)	(44,117)	(230,898)	-	(542,210)
Consultant Services and Training	-	(4,551)	(735,487)	(308,821)	(31,000)	-	(1,079,859)
Operating Costs	(12)	(9)	(668,165)	(138,022)	(16,353)	-	(822,561)
Front-end fee	-	-	-	-	-	-	-
<b>Other operating cash flows (net)</b>	15,172	(1,746)	-	-	-	1,745	15,172
<b>Foreign currency gain/(loss)</b>	(26)	(172)	2,017	2,897	-	(6)	4,710
<b>Net cash result</b>	2,930	168	353,212	3,291,587	8,506	1,739	3,658,142
<b>Opening cash balance</b>	90,970	-	393,502	21,949,766	15,309	2,498	22,452,045
<b>Closing cash balance</b>	93,900	168	746,714	25,241,353	23,815	4,237	26,110,187

## 12. Taxes

Applicable taxes are paid in accordance with tax regulations of the Republic of Armenia. Income tax rate in the Republic of Armenia is 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
Trade and other payables	590,649	<i>Current</i> The carrying amount of short term (less than 12 months) payables approximates its fair values.	Level 3	N/A