



ARMENIAN TERRITORIAL DEVELOPMENT FUND

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
for the year ended 31 December 2021**

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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 2021, 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 2021, 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.

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.

The financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2022. The accompanying notes form an integral part of these financial statements.

Executive Director

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Armenian Territorial Development Fund
Statement of comprehensive income
As at 31 December 2021

| | Note | 2021 USD | 2020 USD |
|---------------------------------------|------|--------------|--------------|
| Cost of the Projects | 10 | (54,560,775) | (38,190,673) |
| Income from Grants | 8 | 54,560,775 | 38,190,673 |
| Other income/(expense), net | | 110,741 | 159,364 |
| Exchange gain/(loss), net | | 184,471 | (237,944) |
| Results of the year before income tax | | 295,212 | (78,580) |
| Income tax | | (3,817) | (18,771) |
| Results of the year | | 291,394 | (97,351) |
| Other comprehensive income | | | - |
| Comprehensive result for the year | | 291,394 | (97,351) |

The financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2022. The accompanying notes form an integral part of these financial statements

Artur Sghomonyan
Executive Director




Levon Dulyan
Chief Financial Officer

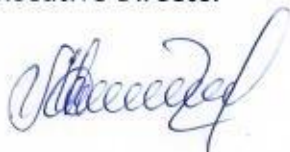


Armenian Territorial Development Fund
Statement of changes in equity
For the year ended 31 December 2021

| | Founders contribution USD | Accumulated surplus/ (deficit) USD | Total USD |
|------------------------|---------------------------------|---|--------------|
| As at 1 January 2020 | 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 |
| Results of the year | - | 291,394 | 291,394 |
| As at 31 December 2021 | 151,631 | 200,838 | 352,469 |

The financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2022. The accompanying notes form an integral part of these financial statements.

Artur Sghomonyan
Executive Director




Levon Dulyan
Chief Financial Officer



Armenian Territorial Development Fund
Statement of cash flows
For the year ended 31 December 2021

| | 2021 USD | 2020 USD |
|--|---------------------|---------------------|
| Operating cash flows | | |
| Funds received/(refunded) | | |
| SILD | 3,407,221 | 5,915,482 |
| SILD AF | 539,656 | - |
| SSIP | 17,693,923 | 1,669,049 |
| LEID | 7,223,376 | 3,114,099 |
| USAID | 1,522,174 | 643,915 |
| ISMP | 9,467,927 | 8,767,891 |
| VEDI | 10,211,791 | 11,383,574 |
| IWRM | 397,730 | 918,132 |
| CIP II-P2,P3 | 10,673,059 | 2,472,431 |
| YWIP | 906,742 | - |
| Other | (98,994) | (276,751) |
| | 61,944,605 | 34,607,822 |
| Project expenditures | | |
| SILD | (3,150,404) | (5,456,431) |
| SILD AF | (320,760) | - |
| SSIP | (11,331,892) | (10,037,155) |
| LEID | (5,941,995) | (4,179,094) |
| USAID | (1,503,272) | (528,671) |
| ISMP | (9,728,689) | (10,359,041) |
| VEDI | (8,943,912) | (7,757,134) |
| IWRM | (402,240) | (900,723) |
| CIP II-P2,P3 | (10,667,105) | (2,263,389) |
| YWIP | (2,243,829) | - |
| Other | (1,426,051) | (3,271,459) |
| | (55,660,148) | (44,753,097) |
| Other operating cash flows, (net) | (237) | 11,401 |
| Total Operating cash flows | 6,284,220 | (10,133,874) |
| Exchange gain/(loss) on cash | 134,731 | 1,138 |
| Net cash flows | 6,418,951 | (10,132,736) |
| Opening cash balance | 17,649,066 | 20,195,173 |
| Cash inflows from WSPIU merger (Note 1.2) | - | 7,586,629 |
| Closing cash balance | 24,068,017 | 17,649,066 |

The financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2022. The accompanying notes form an integral part of these financial statements.

Artur Soghomonyan
Executive Director



Levon Dulyan
Chief Financial Officer




Armenian Territorial Development Fund
Contents of the notes to the financial statements
For the year ended 31 December 2021

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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.

1.3 The implemented projects

In the year ended 31 Dec 2021, 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 Loan became effective on 22 September 2015. The Closing date for the Loan Number 8483-AM financing is set on 31 December 2022 (as updated).
- **SILD AF** - “Additional Financing for Social Investment and Local Development Project”, financed by the Loan Agreement number 9060-AM dated 21 April 2020 between the Republic of Armenia and the IBRD, in the amount of 17,900,000 EURO. The objective of the project is to improve quality and use of and access to community and inter-community infrastructure. The Loan became effective on 08 December 2020. The Closing date for the Loan Number 9060-AM financing is set on 30 June 2023.
- **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 Loan became effective on 22 December 2015. The closing date of the SSIP project is set on 31 May 2026 (as updated).
- **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 Loan 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 (as updated).
- **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 became effective on 29 December 2016. The loan closing date is 31.12.2023 (as updated).

- **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 Credit became effective on May 12, 2016. The closing date of the Project is 30 Sept 2023 (as updated).
- **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 June 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 30.12.2022; (b) With the support of European Investment Bank in accordance with the Financing Contract, effective since 27.06.2014; Closing date is 30.12.2023. (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.
- **YWIP** - Yerevan Water Supply Improvement Project implemented with the assistance of the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), and EU Neighborhood Investment Facility (EU NIF). EIB Finance Contract was signed on 27.06.2014 and came into force on 05.02.2015. Completion date is 31.12.2022, currently extension is underway. EU NIF Financing Agreement was signed on 06.08.2014 and enacted on 04.11.2014. The completion date is 30.12.2023. EBRD Grant Agreement was signed on 11.06.2015 and enacted on 24.06.2015. Completion date was 31.10.2021.

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 2021

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 Dec 2021 | 31 Dec 2020 |
| | USD | USD |
| <i>Financial assets</i> | | |
| Funds receivable | 338,972,422 | 388,939,957 |
| Cash and cash equivalents | 24,068,021 | 17,649,066 |
| | <u>363,040,443</u> | <u>406,589,023</u> |
| | | |
| | Financial liabilities at amortized cost | |
| | 2021 | 2020 |
| | USD | USD |
| <i>Financial liabilities</i> | | |
| Trade payables | 7,785,098 | 6,313,377 |
| | <u>7,785,098</u> | <u>6,313,377</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 USD | Between 1 and 3 months USD | Between 3 and 12 months USD | Between 1 and 5 years USD | Over 5 years USD |
|----------------------------|-------------------------|-------------------------------------|--------------------------------------|------------------------------------|------------------------|
| At 31 December 2021 | | | | | |
| Trade and other payables | - | 369 | 1,213,620 | 6,571,848 | - |
| At 31 December 2020 | | | | | |
| Trade and other payables | 60,849 | 313,713 | 210,925 | 5,727,890 | - |
| | 60,849 | 313,713 | 210,925 | 5,727,890 | - |

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:

Armenian Territorial Development Fund
Notes to the financial statements
For the year ended 31 December 2021

| | 31 Dec 2021 | 31 Dec 2020 |
|-----|-------------|-------------|
| AMD | 480.14 | 522.59 |
| EUR | 0.885 | 0.815 |

| | 2021 | 2020 |
|-----|--------------|--------------|
| | Average rate | average rate |
| AMD | 503.81 | 489.20 |
| EUR | 0.844 | 0.876 |

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.

Armenian Territorial Development Fund
Notes to the financial statements
For the year ended 31 December 2021

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, 2020 | 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 |
| Acquisitions | - | 4,182 | 306 | 4,488 |
| As of December 31, 2021 | 152,471 | 434,115 | 26,812 | 613,398 |
| Accumulated depreciation | | | | |
| As of January 1, 2020 | 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 |
| Annual charges | 12,641 | 12,005 | 3,003 | 27,649 |
| As of December 31, 2021 | 87,096 | 417,014 | 16,341 | 520,451 |
| Carrying Value | | | | |
| As of December 31, 2020 | 78,016 | 24,924 | 13,168 | 116,108 |
| As of December 31, 2021 | 65,375 | 17,100 | 10,471 | 92,946 |

- (a) As at 31 Dec 2021 the property and equipment with cost of 365,519 USD are fully depreciated (31 Dec 2020: 354,687 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 Dec 2021 USD | 31 Dec 2020 USD |
|--------------|-------|--------------------|--------------------|
| SILD | 4.1 | 3,358,416 | 6,566,672 |
| SILD AF | 4.1.a | 27,107,031 | - |
| SSIP | 4.2 | 54,245,905 | 73,479,289 |
| LEID | 4.3 | 51,379,598 | 58,602,974 |
| USAID | 4.4 | 2,009,242 | 3,531,416 |
| ISMP | 4.5 | 21,146,783 | 30,614,710 |
| VEDI | 4.6 | 17,854,920 | 29,570,092 |
| IWRM | 4.7 | 72,764,027 | 79,391,190 |
| CIP II-P2,P3 | 4.8 | 76,780,421 | 94,407,980 |
| YWIP | 4.9 | 12,169,398 | 12,775,635 |
| Other | | 156,681 | - |
| | | 338,972,422 | 388,939,957 |

4.1 SILD

The IBRD Loan 8483-AM total funding is 30,000,000 USD; payment currency is USD.

| | IBRD 8483- AM | Government of RoA cofinancing | Community contribution | Donors | Total |
|--------------------------------|------------------|-------------------------------------|---------------------------|------------|------------------|
| | USD | USD | USD | USD | USD |
| As at 31 Dec 2020 | 4,594,529 | 1,971,427 | - | 716 | 6,566,672 |
| Granted | - | - | - | - | - |
| Other addition/ (deduction) | - | - | 198,964 | - | 198,964 |
| Received | (2,248,634) | (959,622) | (198,964) | - | (3,407,220) |
| As at 31 Dec 2021 | 2,345,895 | 1,011,805 | - | 716 | 3,358,416 |

Armenian Territorial Development Fund
Notes to the financial statements
For the year ended 31 December 2021

4.1.a. SILD AF

The IBRD Loan N 9060-AM; total funding is 17,900,000 EURO; payment currency is EURO.

| | IBRD Loan 9060-AM | Government of RoA cofinancing | Community contribution | Total |
|-------------------|----------------------|-------------------------------------|---------------------------|------------|
| | USD equivalent | USD | USD | USD |
| As at 31 Dec 2020 | - | - | - | - |
| Granted | 19,471,796 | 6,885,836 | 1,289,055 | 27,646,687 |
| Received | (354,961) | (80,339) | (104,356) | (539,656) |
| As at 31 Dec 2021 | 19,116,835 | 6,805,497 | 1,184,699 | 27,107,031 |

Funding receivable in movement in underlining currency, EUR, is follows:

| | IBRD Loan 9060-AM | Government of RoA cofinancing | Community contribution | Total |
|-------------------|----------------------|-------------------------------------|---------------------------|------------|
| | EUR | EUR | EUR | EUR |
| As at 31 Dec 2020 | - | - | - | - |
| Granted | 17,900,000 | 6,330,000 | 1,185,000 | 25,415,000 |
| Received | (300,000) | (69,536) | (87,956) | (457,492) |
| As at 31 Dec 2021 | 17,600,000 | 6,260,464 | 1,097,044 | 24,957,508 |

4.2 SSIP

The ADB Loan 3284-ARM total funding is 63,259,000 SDR; payment currency is USD.

| | ADB Loan 3284-ARM | Government of RoA cofinancing | Total |
|-------------------|----------------------|----------------------------------|--------------|
| | USD | USD | USD |
| As at 31 Dec 2020 | 59,376,931 | 14,102,358 | 73,479,289 |
| Granted | - | - | - |
| Revaluation | (1,539,460) | - | (1,539,460) |
| Received | (15,818,280) | (1,875,643) | (17,693,923) |
| As at 31 Dec 2021 | 42,019,191 | 12,226,715 | 54,245,905 |

Armenian Territorial Development Fund
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4.3 LEID

The IBRD Loan 8572-AM total funding is 55,000,000 USD; payment currency is USD.

| | IBRD 8572-AM USD | Government of RoA cofinancing USD | Total USD |
|-------------------|---------------------|---|--------------|
| As at 31 Dec 2020 | 46,867,580 | 11,735,394 | 58,602,974 |
| Granted | - | - | - |
| Received | (6,039,642) | (1,183,734) | (7,223,376) |
| As at 31 Dec 2021 | 40,827,938 | 10,551,660 | 51,379,598 |

4.4 USAID

The USAID total funding is 8,600,000 USD; payment currency is USD.

| | USAID USD | Community contribution USD | Total USD |
|-------------------|--------------|----------------------------------|--------------|
| As at 31.12.2020 | 2,875,000 | 656,416 | 3,531,416 |
| Granted | - | - | - |
| Received | (1,339,500) | (182,674) | (1,522,174) |
| As at 31 Dec 2021 | 1,535,500 | 473,742 | 2,009,242 |

4.5 ISMP

The ISPM total funding is 40,000,000 USD; payment currency is USD.

| | EDB USD | Government of RoA cofinancing USD | Community contribution USD | Total USD |
|-------------------|-------------|---|----------------------------------|--------------|
| As at 31 Dec 2020 | 23,977,046 | 6,147,460 | 490,204 | 30,614,710 |
| Granted | - | - | - | - |
| Received | (7,207,517) | (2,036,644) | (223,766) | (9,467,927) |
| As at 31 Dec 2021 | 16,769,529 | 4,110,816 | 266,437 | 21,146,783 |

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4.6 VEDI

The AFD Credit No. CAM 1002 01 Y total funding is 75,003,631 EUR, as well as grants No. CAM 1004 01 N CAM 1013 01 A in total amount of 390,350; payment currency is EUR.

| | AFD | Government of RoA cofinancing | Total |
|-------------------|----------------|----------------------------------|--------------|
| | USD equivalent | USD | USD |
| As at 31 Dec 2020 | 23,313,530 | 6,256,562 | 29,570,092 |
| Granted | 462,657 | 92,531 | 555,189 |
| Revaluation | (1,654,852) | (403,718) | (2,058,570) |
| Received | (8,327,308) | (1,884,484) | (10,211,791) |
| As at 31 Dec 2021 | 13,794,028 | 4,060,892 | 17,854,920 |

Funding receivable in movement in underlining currency, EUR, is follows:

| | AFD | Government of RoA cofinancing | Total |
|-------------------|-------------|----------------------------------|-------------|
| | EUR | EUR | EUR |
| As at 31 Dec 2020 | 19,003,631 | 5,099,931 | 24,103,562 |
| Granted | 390,350 | 78,070 | 468,420 |
| Received | (7,188,042) | (1,584,634) | (8,772,676) |
| As at 31 Dec 2021 | 12,205,939 | 3,593,367 | 15,799,306 |

4.7. IWRM

The KfW Loan BMZ-No2014.67.950 total funding is 50,000,000 EUR as well as grant of 300,000 EUR; payment currency is EUR.

| | KFW | Government of RoA cofinancing | Total |
|------------------------------|----------------|----------------------------------|-------------|
| | USD equivalent | USD | USD |
| As at 31 Dec 2020 | 57,847,171 | 21,544,019 | 79,391,190 |
| Granted | - | - | - |
| Reimbursement between funds* | (526,982) | 526,982 | - |
| Revaluation | (4,527,442) | (1,701,991) | (6,229,433) |
| Received | (200,617) | (197,112) | (397,730) |
| As at 31 Dec 2021 | 52,592,129 | 20,171,898 | 72,764,027 |

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Funding receivable in movement in underlining currency, EUR, is follows:

| | KfW EUR | Government of RoA cofinancing EUR | Total EUR |
|------------------------------|------------|---|--------------|
| As at 31 Dec 2020 | 47,153,145 | 17,561,244 | 64,714,389 |
| Granted | - | - | 0 |
| Reimbursement between funds* | (448,232) | 448,232 | 0 |
| Received | (167,649) | (159,943) | (327,592) |
| As at 31 Dec 2021 | 46,537,264 | 17,849,533 | 64,386,797 |

(*) In 2020 from the Government of RoA funds were covered consulting expenditures on behalf of KfW funding, which was reimbursed by KfW in 2021.

4.8 CIP II-P2,P3

The KfW Loan BMZ N 2013 66 343 total funding is 30,000,000 EUR, EIB Loan FIN 82.043 Separis 2012-0322 total funding is 25,500,000 EUR, EU-NIF Grant IG 2020 61 554 total funding is 12,000,000 EUR, KfW Loan BMZ N 2009 66 515 total funding is 1,114,165 EUR. Payment currency is EUR.

| | KFW USD equivalent | EU-NIF USD equivalent | EIB USD equivalent | Government of RoA cofinancing USD | Total USD |
|-------------------|--------------------------|-----------------------------|--------------------------|--|--------------|
| As at 31 Dec 2020 | 32,604,748 | 14,415,046 | 31,283,234 | 16,104,953 | 94,407,980 |
| Granted | - | - | - | - | - |
| Revaluation | (2,375,608) | (1,136,073) | (2,185,084) | (1,257,736) | (6,954,500) |
| Received | (5,121,320) | - | (4,348,787) | (1,202,952) | (10,673,059) |
| As at 31 Dec 2021 | 25,107,820 | 13,278,973 | 24,749,363 | 13,644,265 | 76,780,421 |

Fund receivable movement in underlining currency, EUR, is follows:

| | KFW EUR | EU-NIF EUR | EIB EUR | Government of RoA cofinancing EUR | Total EUR |
|-------------------|-------------|---------------|-------------|--|--------------|
| As at 31 Dec 2020 | 26,577,210 | 11,750,182 | 25,500,000 | 13,127,681 | 76,955,072 |
| Granted | - | - | - | - | - |
| Received | (4,360,021) | - | (3,600,000) | (1,054,263) | (9,014,284) |
| As at 31 Dec 2021 | 22,217,189 | 11,750,182 | 21,900,000 | 12,073,419 | 67,940,789 |

4.9 YWIP

The YWIP total funding is 14,000,000 USD: EIB funds- 7,000,000 USD and EU-NIF funds 7,000,000 USD; as well as EBRD Grant 809,621 EUR; payment currency is USD.

| | EIB USD | EU-NIF USD | EBRD USD | Government of RoA cofinancing USD | Total USD |
|-------------------|------------|---------------|-------------|--|--------------|
| As at 31 Dec 2020 | 4,700,000 | 4,700,000 | 136,812 | 3,238,823 | 12,775,635 |
| Granted | - | - | 263,193 | 37,313 | 300,506 |
| Received | - | - | (400,005) | (506,738) | (906,742) |
| As at 31 Dec 2021 | 4,700,000 | 4,700,000 | - | 2,769,398 | 12,169,398 |

5. Prepayments

| | 31 Dec 2021 USD | 31 Dec 2020 USD |
|-------------------------------|--------------------|--------------------|
| Advances for Works | 19,145,229 | 16,777,618 |
| Other advances | 311,453 | 529,029 |
| | 19,456,683 | 17,306,647 |
| Prepayment on projects | | |
| SSIP | 7,853,920 | 4,501,601 |
| LEID | 1,822,085 | 771,724 |
| ISMP | 908,511 | 3,471,684 |
| VEDI | 2,742,228 | 5,666,488 |
| CIP II-P2,P3 | 5,699,326 | 2,561,964 |
| Other projects | 430,614 | 333,186 |
| | 19,456,683 | 17,306,647 |

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

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6. Cash and cash equivalents

| | Project | Currency | 31 Dec 2021 USD | 31 Dec 2020 USD |
|-----------------------------------|---------|----------|--------------------|--------------------|
| Designated account (IBRD 8283-AM) | SILD | USD | 1,400,854 | 1,186,485 |
| Deposit account (ADB 3284-ARM) | SSIP | USD | 10,219,166 | 3,826,185 |
| Designated account (IBRD 8572) | LEID | USD | 1,378,308 | 84,056 |
| Designated account (EDB) | ISMP | USD | 2,617,357 | 2,547,669 |
| Community cofinancing account | ISMP | AMD | 295,027 | 570,653 |
| Designated account (AFD) | VEDI | EUR | 5,569,031 | 4,490,513 |
| Designated account | YWIP | USD | 485,099 | 1,808,131 |
| Other accounts | | USD | - | 1,978,719 |
| Other accounts | | EUR | 45,803 | 10 |
| Other accounts | | AMD | 2,057,376 | 1,156,645 |
| | | | <u>24,068,021</u> | <u>17,649,066</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 Dec 2021 | SILD | SILD AF | SSIP | LEID | USAID | ISMP | VEDI | IWRM | CIP II- P2,P3 | YWIP | Other | Total |
|---|-------------|------------|-------------|-------------|-------------|--------------|--------------|-------------|------------------|-------------|-------------|--------------|
| | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| Opening 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 | 14,062,854 | 2,409,262 | 417,637,326 |
| Grants received | - | 27,646,686 | - | - | - | - | 555,189 | - | - | 300,506 | 20,250 | 28,522,631 |
| Other increase/ (decrease) | 198,964 | - | - | - | - | - | - | - | - | - | - | 198,964 |
| Revaluation | - | - | (1,539,460) | - | - | (127,615) | (2,159,789) | (6,228,916) | (7,290,783) | 923 | - | (17,218,948) |
| Income correspond- ing to compensated costs | (2,954,541) | (219,967) | (8,093,344) | (4,828,743) | (1,505,943) | (12,570,034) | (13,036,105) | (357,232) | (7,762,209) | (1,709,718) | (1,522,940) | (54,560,776) |
| Closing balance | 5,533,177 | 27,426,720 | 71,823,006 | 54,353,709 | 2,257,158 | 24,153,935 | 20,630,001 | 72,796,701 | 81,916,962 | 12,654,564 | 906,572 | 374,452,501 |

| Year ended 31 Dec 2020 | SILD | SSIP | LEID | USAID | ISMP | VEDI | IWRM | CIP II-P2,P3 | Other | Total |
|---|-------------|-------------|-------------|-----------|-------------|-------------|------------|--------------|-------------|--------------|
| | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| Opening balance | 13,435,553 | 86,376,141 | 62,786,274 | 4,292,012 | - | - | - | - | 5,239,918 | 172,129,898 |
| WSPIU (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 |

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9. Accounts payable

| | 31 Dec 2021 USD | 31 Dec 2020 USD |
|-----------------------------|--------------------|--------------------|
| Payables for works | 7,511,121 | 6,098,392 |
| Other payables | 273,977 | 214,985 |
| | <u>7,785,098</u> | <u>6,313,377</u> |
| Payables per project | | |
| SSIP | 491,121 | 377,457 |
| LEID | 226,566 | 289,091 |
| ISMP | 813,786 | 353,700 |
| VEDI | 5,569,536 | 4,496,715 |
| CIP II-P2,P3 | 567,418 | - |
| Other | 116,671 | 796,414 |
| | <u>7,785,098</u> | <u>6,313,377</u> |

- (a) Retentions of 10% on VEDI project, 5% on SILD, SSIP, LEID and ISMP 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 Dec 2021 | SILD | SILD AF | SSIP | LEID | USAID | ISMP | VEDI | IWRM | CIP II- P2,P3 | YWIP | Other | Total |
|------------------------------------|------------------|----------------|------------------|------------------|------------------|-------------------|-------------------|----------------|------------------|------------------|------------------|-------------------|
| | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| Works | 896,302 | 218,904 | 7,313,393 | 4,345,054 | - | 11,728,246 | 12,081,176 | - | 6,897,452 | 1,259,854 | 954,457 | 45,694,838 |
| Goods | 1,224,233 | - | - | - | 1,412,044 | - | - | - | - | 20,076 | 170,015 | 2,826,368 |
| Consultants' services and Training | 142,007 | 1,034 | 581,415 | 380,289 | 85,476 | 566,767 | 865,200 | 232,919 | 864,756 | 229,473 | 360,611 | 4,309,947 |
| Operating costs | 674,971 | 29 | 198,451 | 103,249 | 5,544 | 274,496 | 82,760 | 124,305 | - | 200,313 | 37,858 | 1,701,976 |
| Depreciation of PPE | 17,028 | - | 85 | 151 | 2,880 | 525 | 6,969 | 7 | - | 3 | - | 27,648 |
| Total | 2,954,541 | 219,967 | 8,093,344 | 4,828,743 | 1,505,943 | 12,570,034 | 13,036,105 | 357,232 | 7,762,208 | 1,709,718 | 1,522,940 | 54,560,775 |

| For year ended 31 Dec 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 |

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11. Cash Flows Per Projects

| Year ended 31 Dec 2021 | SILD | SILD | SILD | SSIP | LEID | USAID | ISMP | VEDI | IWRM | CIP II- P2,P3 | YWIP | Other | Total |
|---|-------------|-----------|------|--------------|-------------|-------------|-------------|-------------|-----------|------------------|-------------|-------------|--------------|
| | USD | USD | AF | USD | USD | USD | USD | USD | USD | USD | USD | USD | USD |
| Funds received/ (returned) | | | | | | | | | | | | | |
| Loan/Credit/Grant | 3,407,221 | 539,656 | | 17,693,923 | 7,223,376 | 1,522,174 | 9,467,927 | 10,211,791 | 397,730 | 10,673,059 | 906,742 | (98,994) | 61,944,605 |
| RoA Government | 2,248,634 | 354,961 | | 15,818,280 | 6,039,642 | 1,339,500 | 7,207,517 | 8,327,308 | 200,617 | 9,470,107 | 400,005 | 9,773 | 51,416,345 |
| Community | 959,622 | 80,339 | | 1,875,643 | 1,183,734 | - | 2,036,644 | 1,884,484 | 197,112 | 1,202,952 | 506,738 | (219,367) | 9,707,900 |
| Contributions | 198,964 | 104,356 | | - | - | 182,674 | 223,766 | - | - | - | - | 1,678 | 711,439 |
| Other Sponsors | - | - | | - | - | - | - | - | - | - | - | 108,922 | 108,922 |
| Expenditures on Projects | | | | | | | | | | | | | |
| Works | (3,150,404) | (320,760) | | (11,331,892) | (5,941,995) | (1,503,272) | (9,728,689) | (8,943,912) | (402,240) | (10,667,105) | (2,243,829) | (1,426,051) | (55,660,148) |
| Goods | (1,106,364) | (319,697) | | (10,551,683) | (5,458,163) | - | (8,884,371) | (8,287,904) | - | (9,992,036) | (1,585,864) | (843,643) | (47,029,725) |
| Consultant Services and Training | (1,227,063) | - | | - | - | (1,412,253) | - | - | - | - | (20,141) | (154,703) | (2,814,159) |
| Operating Costs | (142,007) | (1,034) | | (581,342) | (380,083) | (85,475) | (568,989) | (567,888) | (277,584) | (675,069) | (437,440) | (387,372) | (4,104,283) |
| | (674,971) | (30) | | (198,867) | (103,748) | (5,544) | (275,328) | (88,120) | (124,656) | - | (200,384) | (40,334) | (1,711,981) |
| Other operating flows | | | | | | | | | | | | | |
| | 24 | - | | (260) | - | - | - | - | - | - | - | - | (237) |
| Foreign exchange gain/(loss) | | | | | | | | | | | | | |
| | 56,865 | 3,778 | | 3,461 | 12,870 | 8,394 | 54,825 | (189,361) | 4,510 | 39,839 | 14,054 | 125,496 | 134,731 |
| Net cash flows | 313,705 | 222,674 | | 6,365,232 | 1,294,251 | 27,296 | (205,937) | 1,078,518 | - | 45,793 | (1,323,032) | (1,399,549) | 6,418,951 |
| Operating cash balance | 1,628,203 | - | | 3,853,932 | 84,055 | 217,594 | 3,118,322 | 4,490,512 | - | 10 | 1,808,131 | 2,448,307 | 17,649,066 |
| Closing cash balance | 1,941,908 | 222,674 | | 10,219,164 | 1,378,306 | 244,890 | 2,912,385 | 5,569,030 | - | 45,803 | 485,099 | 1,048,758 | 24,068,017 |

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| Year ended 31 Dec 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 |

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 2021 is set at 18% (2020: 20%).

13. Litigations

There are no material claims against the ATDF or its implemented projects as of the reporting date and date of signing these reports.

14. Events after the reporting date

Military conflict between Russian Federation and Republic of Ukraine

On February 24, 2022, Russia launched a large-scale military operations against Ukraine. In order to resist Russia, the EU and the United States, and other countries around the world, have imposed economic and political sanctions. At present, the course of the war, the impact of sanctions, and the extent of the consequences are unpredictable.

Taking into consideration of Russia's political and economic influence on the Republic of Armenia, as well as the fact that country is a member of the Russia lead Eurasian Economic Union (EEU), the current situation may indirectly affect the stability of Republic of Armenia financial and economic systems.

At the moment, given the unpredictability of these circumstances, the ATDF management finds it difficult to assess the potential impact on the Fund and its projects implementation.

Exchange rate fluctuations

During last months the local currency, AMD, significantly appreciated against USD and EUR, which is also due to consequences of the war and sanctions described above.

As of signing these reports the exchange rates of USD and EUR against AMD are follows:

| | 31 Dec 2021 | 30 June 2022 | Inflation of USD/EUR against AMD |
|-----|-------------|--------------|--|
| USD | 480.14 | 408.31 | (15%) |
| EUR | 542.61 | 429.75 | (20%) |

As the significant sources of funding are in USD and EUR currency, such currency rates inflations can adversely affect implementations of the projects by the ATDF.

At the moment, given the unpredictability of such changes, the ATDF management finds it difficult to assess the potential impact on the Fund and its projects implementation.

15. 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 | 338,972,422 | <i>Current</i> The carrying amount of short term (less than 12 months) payables approximates its fair values. | Level 3 | N/A |
| Trade payables | 7,785,098 | <i>Current</i> The carrying amount of short term (less than 12 months) payables approximates its fair values. | Level 3 | N/A |