



ARMENIAN TERRITORIAL DEVELOPMENT FUND

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
for the year ended 31 December 2023

Yerevan
2024

Disclaimer

The attached report was originally prepared in Armenian and then translated into English for the convenience of readers. In the event of any differences between the English and Armenian versions, the Armenian will prevail.



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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 2023, 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 2023, 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 a 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.



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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 2024



Vahagn Sahakyan, FCCA
Managing Partner

Armenian Territorial Development Fund
Statement of financial position
As at 31 December 2023

	Note	As of 31 Dec 2023 USD	As of 31 Dec 2022 USD
ASSETS			
Non-current assets			
Property and equipment	3	329,360	93,238
Funds receivable	4	171,491,510	250,880,321
Total non-current assets		171,820,870	250,973,559
Current assets			
Prepayments	5	28,999,263	15,856,398
Cash and cash equivalents	6	12,832,970	18,821,038
Total current assets		41,832,233	34,677,436
TOTAL ASSETS		213,653,103	285,650,995
LIABILITIES AND EQUITY			
Equity			
Founders' contribution	7	151,631	151,631
Accumulated surplus/(deficit)		1,399,891	1,542,907
Total equity		1,551,522	1,694,538
Non-current liabilities			
Government grants	8	202,311,535	275,230,755
Total non-current liabilities		202,311,535	275,230,755
Current liabilities			
Accounts payable	9	9,790,046	8,725,702
Total current liabilities		9,790,046	8,725,702
TOTAL LIABILITIES AND EQUITY		213,653,103	285,650,995

The financial statements were signed by the management of the Armenian Territorial Development Fund on 28 June 2024. The accompanying notes form an integral part of these financial statements.

Sargis Baghinyan
Executive Director of the
Armenian Territorial Development Fund



Karine Shahbazyan
Head of Financial Management and
Accounting Department

Armenian Territorial Development Fund
Statement of comprehensive income
As of 31 December 2023

	Note	2023 USD	2022 USD
Cost of the Projects	10	(86,731,105)	(65,174,725)
Income from Grants	8	86,731,105	65,174,725
Other income/(expense), net		554,611	218,923
Exchange gain/(loss), net		(697,627)	1,123,146
Results of the year before income tax		(143,016)	1,342,069
Income tax		-	-
Results of the year		(143,016)	1,342,069
Other comprehensive income		-	-
Comprehensive result for the year		(143,016)	1,342,069

The financial statements were signed by the management of the Armenian Territorial Development Fund on 28 June 2024. The accompanying notes form an integral part of these financial statements.

Sargis Baghinyan

Executive Director of the
Armenian Territorial Development Fund

Karine Shahbazyan

Head of Financial Management and
Accounting Department

Sumner

Armenian Territorial Development Fund
Statement of cash flows
For the year ended 31 December 2023

The financial statements were signed by the management of the Armenian Territorial Development Fund on 28 June 2024. The accompanying notes form an integral part of these financial statements.

	2023	2022
	USD	USD
Operating cash flows		
Funds received/(refunded)		
(SSIP)	28,795,637	13,620,263
(IWRM)	13,902,451	1,436,105
(LEID)	13,228,326	3,942,480
(ISMP)	12,253,126	7,841,612
(SILD AF)	9,954,973	2,345,500
(CIP II-P2,P3)	8,233,877	10,055,466
(VEDI)	961,343	9,254,226
(YWIP)	3,472,151	231,538
USAID	630,932	-
(SILD)	21,258	3,368,132
USAID	-	1,566,775
Other	1,475,008	2,173,919
	92,929,082	55,836,016
Project expenditures		
(SSIP)	(31,251,337)	(19,145,849)
(IWRM)	(13,900,794)	(1,486,227)
(LEID)	(13,037,025)	(4,840,170)
(ISMP)	(10,256,167)	(8,665,812)
(SILD AF)	(9,870,442)	(1,366,415)
(CIP II-P2,P3)	(9,452,038)	(8,832,279)
(VEDI)	(5,326,472)	(8,887,947)
(YWIP)	(3,867,141)	(323,942)
USAID Grant	(572,248)	-
(SILD)	(357,817)	(4,690,246)
USAID	-	(1,814,816)
Other	(1,092,508)	(1,619,037)
	(98,983,989)	(61,672,740)
Other operating cash flows, (net)	(292)	22,947
Total Operating cash flows	(6,055,199)	(5,813,777)
Exchange gain/(loss) on cash	67,131	566,798
Net cash flows	(5,988,068)	(5,246,979)
Opening cash balance	18,821,038	24,068,017
Closing cash balance	12,832,970	18,821,038

Sargis Baghinyan

Executive Director of the
Armenian Territorial Development Fund

Karine Shahbazyan

Head of Financial Management and
Accounting Department

Armenian Territorial Development Fund
Index to notes forming part of the financial statements
For the year ended 31 December 2023

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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 are
presented in the 1st note

Executive director

Sargis Baghinyan



1. Background

1.1 The foundation and its activity

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 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.

According to the minutes of the meeting held on August 25, 2023 by the Board of Trustees of ATDF, the new structure of ATDF was approved, and a decision was made to terminate the activities of the ATDF "WSPIU" branch and assign the implementation of water sector projects to ATDF.

The main activities of the water sector 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 water sector 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. Implemented projects

In the year ended 31 Dec 2023, the ATDF implemented the following main projects:

- **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

Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

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 31 May 2025.

- **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 2026.
- **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 31.12.2024.
- **USAID** - "Local Government and Decentralization Reforms" Project, which is financed by the contract signed between the USAID and the RA Government in the amount of USD 7,980,000, of which USAID contributes USD 6,000,000 and the RA Government contributes USD 1,980,000. The goal of the project is the development of the most important systems and capacities of enlarged communities, community councils and municipal governments; The project started on December 1, 2022 and is scheduled to be completed on November 30, 2027.
- **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 closing date of the project was revised and extended to 30.06.2025.
- **VEDI** - “Construction of Vedi Reservoir and Irrigation System Project” implemented with the support of the Agence Franciase de Developement (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 project closing date has been revised and extended to March 31, 2025.
- **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. The deadline for closing the project and disbursement of loan funds is 30.06.2024. It is planned to extend the deadline of the project.
- **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 KfW Bank in accordance with the Loan Agreement dated December 27, 2013, effective since June 21, 2014, as well as with the support of European Investment Bank in accordance with the Financing Contract, effective since 27.06.2014; and the KfW Bank and EU NIF in accordance with the Implementing

Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

Financing Agreement dated 14.05.2014, effective since June 21, 2014. The deadline for requesting disbursements has been revised and extended till December 30, 2025.

- 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 has been extended till 23.12.2025. EU NIF Financing Agreement was signed on 06.08.2014 and enacted on 04.11.2014. The completion date is 31.12.2025.

2. Summary of significant accounting policies

2.1 Basis 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 and amended standards and interpretations

The new or amended standards presented below will not have a significant impact on the Fund's financial statements:

- Deferred tax relating to assets and liabilities arising from a single transaction (Amendments to IAS 12);
- Amendments to IFRS 17 "Insurance Contracts";
- Accounting policy disclosures (Amendment to IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (IAS 8 amendment).

b) New standards and amendments to IFRSs issued but not yet effective

The new standards, interpretations and amendments presented below, which have not yet entered into force, will not have a significant impact on the Fund's future financial statements:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

2.2 Basis of measurement

These financial statements are prepared on a 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

Estimates and judgments of the Fund 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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

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;
- Payables.

(b) Financial instruments by category

	Measured at amortized cost	
	31.12.2023	31.12.2022
<i>Financial assets</i>	USD	USD
Funds receivable	171,491,510	250,880,321
Cash and cash equivalents	12,832,970	18,821,038
	184,324,480	269,701,359

	Measured at amortized cost	
	2023	2022
<i>Financial liabilities</i>	USD	USD
Payables	9,790,046	8,725,702
	9,790,046	8,725,702

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include funds receivable, cash and cash equivalents, payables.

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

Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

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 Fund 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 2023					
Payables	742,495	-	63,563	8,983,988	-
	742,495	-	63,563	8,983,988	-
At 31 December 2022					
Payables	1,343,065	-	2,729,212	4,653,425	-
	1,343,065	-	2,729,212	4,653,425	-

2.6 Foreign currency transactions

Foreign currency is a currency other than the functional currency of the ATDF.

Transactions in foreign currencies are translated into 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:

	31.12.2023	31.12.2022
AMD	404,79	393,57
EUR	1,1065	1,067
	2023 average rate	2022 average rate
AMD	392,54	434,86
EUR	1,082	1,057

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 recognized in the income statement.

3. Property and equipment

Property and equipment represent 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, 2022	152,471	434,115	26,812	613,398
Acquisitions	-	44,970	975	45,945
Write-offs	(21,655)	-	-	(21,655)
As of December 31, 2022	130,816	479,085	27,787	637,688
Acquisitions	246,601	46,525	6,333	299,459
Write-offs	-	-	-	-

Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

As of December 31, 2023	377,417	525,610	34,120	937,146
Annual depreciation charge				
As of January 1, 2022	87,096	417,014	16,341	520,451
Annual charges	17,660	13,897	6,925	38,482
Write-offs	(14,482)	-	-	(14,482)
As of December 31, 2022	90,274	430,911	23,265	544,450
Annual charges	41,960	18,975	2,402	63,337
Write-offs	-	-	-	-
As of December 31, 2023	132,234	449,886	25,667	607,787
<i>Carrying value</i>				
As of December 31, 2022	34,745	56,045	2,448	93,238
As of December 31, 2023	245,183	75,724	8,453	329,360

(a) As of 31 Dec 2023, the property and equipment with cost of 238,121 USD are fully depreciated (31 Dec 2022: 397,166 USD).

(b) The Fund carries out its activities in the following area provided free of charge by the state - 31 Ulnetsi, Yerevan, 5th and 6th floor, total 1,456.8 square meters. This area is 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".

4. Funds receivable

They represent funds receivable for implementation of the projects by the ATDF:

Project	Note	31.12.2023 USD	31.12.2022 USD
SILD AF	4.1.	14,925,964	24,220,326
SILD		-	30,442
SSIP	4.2	10,182,229	38,844,405
LEID	4.3	23,072,362	36,300,687
USAID	4.4	442,468	442,467
USAID-1	4.4.ա	7,349,068	-
ISMP	4.5	1,052,045	13,305,171
VEDI	4.6	6,790,061	7,491,886
IWRM	4.7	55,155,257	67,245,167
CIP II-P2,P3	4.8	44,458,705	51,051,942
YWIP	4.9	8,063,351	11,937,860
Other		-	9,968
		171,491,510	250,880,321

4.1. SILD AF

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

	IBRD Loan 9060-AM USD equivalent	Government of RoA cofinancing USD	Community contribution USD	Donor USD	Total USD
As of 31 Dec 2022	17,978,585	6,030,902	210,839	-	24,220,326
Granted	-	-	-	-	-

Armenian Territorial Development Fund
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Revaluation	502,278	161,904	(3,571)	-	660,611
Received	(6,871,237)	(2,591,482)	(492,254)	-	(9,954,973)
As of 31 Dec 2023	11,609,626	3,601,324	(284,986)	-	14,925,964

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

	IBRD Loan 9060-AM EUR	Government of RoA cofinancing EUR	Community contribution EUR	Donor EUR	Total EUR
As of 31 Dec 2022	16,844,812	5,650,578	197,543	-	22,692,933
Granted	-	-	-	-	-
Received	(6,352,603)	(2,395,879)	(455,099)	-	(9,203,581)
As of 31 Dec 2023	10,492,209	3,254,699	(257,556)	-	13,489,352

4.2 SSIP

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

	ADB Loan 3284-ARM USD	Government of RoA cofinancing USD	Total USD
As of 31 Dec 2022	29,663,350	9,181,055	38,844,405
Granted			
Revaluation	133,460		133,460
Received	(17,127,090)	(11,668,546)	(28,795,636)
As of 31 Dec 2023	12,669,720	(2,487,491)	10,182,229

4.3 LEID

The IBRD Loan 8572-AM total funding is 42,800,000 USD; payment currency is USD.

	IBRD 8572-AM USD	Government of RoA cofinancing USD	Total USD
As of 31 Dec 2022	25,635,063	10,665,624	36,300,687
Granted			
Received	(10,617,923)	(2,610,402)	(13,228,325)
As of 31 Dec 2023	15,017,140	8,055,222	23,072,362

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4.4 USAID

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

	USAID grant	Community contribution	Total
	USD	USD	USD
As of 31 Dec 2022	-	442,468	442,468
Granted	-	-	-
Received	-	-	-
As of 31 Dec 2023	-	442,468	442,468

4.4.a USAID-1

The USAID total funding is 6,000,000 USD; payment currency is USD.

	USAID grant	Community contribution	Total
	USD	USD	USD
As of 31 Dec 2022	-	-	-
Granted	6,000,000	1,980,000	7,980,000
Received	(600,500)	(30,432)	(630,932)
As of 31 Dec 2023	5,399,500	1,949,568	7,349,068

4.5. ISMP

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

	EDB	Government of RoA cofinancing	Community contribution	Total
	USD	USD	USD	USD
As of 31 Dec 2022	10,251,775	2,835,038	218,358	13,305,171
Granted				
Received	(10,251,775)	(1,946,855)	(54,496)	(12,253,126)
As of 31 Dec 2023	-	888,183	163,862	1,052,045

4.6. VEDI

The AFD Credit No. CAM 1002 01 Y total funding is 75,000,000 EU; payment currency is EUR.

AFD	Government of RoA cofinancing	Total
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Armenian Territorial Development Fund
Notes forming part of the financial statements
For the year ended 31 December 2023

	USD equivalent	USD	USD
As of 31 Dec 2022	5,340,410	2,151,476	7,491,886
Granted	-	-	-
Cancelled	(4,018)	-	(4,018)
Revaluation	196,105	67,431	263,536
Received	-	(961,343)	(961,343)
As of 31 Dec 2023	5,532,497	1,257,564	6,790,061

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

	AFD EUR	Government of RoA cofinancing EUR	Total EUR
As of 31 Dec 2022	5,003,631	2,015,799	7,019,430
Granted	-	-	-
Cancelled	(3,631)	-	(3,631)
Received	-	(879,274)	(879,274)
As of 31 Dec 2023	5,000,000	1,136,525	6,136,525

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 of 31 Dec 2022	48,752,358	18,492,809	67,245,167
Granted	-	-	-
Revaluation	1,150,584	661,957	1,812,541
Received	(13,243,456)	(658,995)	(13,902,451)
As of 31 Dec 2023	36,659,486	18,495,771	55,155,257

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

	KfW EUR	Government of RoA cofinancing EUR	Total EUR
As of 31 Dec 2022	45,677,916	17,326,608	63,004,524
Granted	-	-	-

Armenian Territorial Development Fund
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Received	(12,546,876)	(611,039)	(13,157,915)
As of 31 Dec 2023	33,131,040	16,715,569	49,846,609

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 16,658,267 EUR, EU-NIF Grant IG6 2020 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	EU-NIF	EIB	Government of RoA cofinancing	Total
	USD equivalent	USD equivalent	USD equivalent	USD	USD
As of 31 Dec 2022	20,766,280	12,523,918	8,600,645	9,161,099	51,051,942
Granted	-	-	-	-	-
Revaluation	585,287	458,600	315,825	280,929	1,640,641
Received	(6,074,888)	(27,303)	-	(2,131,687)	(8,233,878)
As of 31 Dec 2023	15,276,679	12,955,215	8,916,470	7,310,341	44,458,705

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

	KFW	EU-NIF	EIB	Government of RoA cofinancing	Total
	EUR	EUR	EUR	EUR	EUR
As of 31 Dec 2022	19,456,708	11,734,130	8,058,267	8,583,379	47,832,484
Granted	-	-	-	-	-
Received	(5,650,397)	(25,843)	-	(1,976,651)	(7,652,891)
As of 31 Dec 2023	13,806,311	11,708,287	8,058,267	6,606,728	40,179,593

4.9 YWIP

The YWIP total funding is 14,000,000 USD: EIB funds- 7,000,000 USD and EU-NIF funds 5,500,000 EUR; payment currency is USD:

	EIB	EU-NIF	Government of RoA cofinancing	Total
	USD	USD	USD	USD
As of 31 Dec 2022	4,700,000	4,700,000	2,537,860	11,937,860
Granted	-	-	537,302	537,302
Cancelled	-	(939,660)	-	(939,660)
Received	(699,968)	(1,703,983)	(1,068,200)	(3,472,151)

Armenian Territorial Development Fund
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As of 31 Dec 2023	<u>4,000,032</u>	<u>2,056,357</u>	<u>2,006,962</u>	<u>8,063,351</u>
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5. Prepayments

	31.12.2023 USD	31.12.2022 USD
Advances for construction works	28,983,749	15,777,055
Other advances	15,514	79,138
	<u>28,999,263</u>	<u>15,856,398</u>
Prepayments by projects		
IWRM	13,698,914	-
SSIP	6,640,607	8,380,280
LEID	2,257,249	1,122,964
YWIP	2,215,364	-
VEDI	1,271,066	1,242,612
CIP II-P2,P3	1,809,961	3,364,454
SILD AF	660,033	-
ISMP	299,143	1,650,961
Other projects	146,926	95,127
	<u>28,999,263</u>	<u>15,856,398</u>

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

	Project	Currency	31.12.2023 USD	31.12.2022 USD
Designated account (EDB)	ISMP	USD	4,114,934	2,044,549
Deposit account (ADB 3284-ARM)	SSIP	USD	2,357,014	4,543,572
Designated account (AFD)	VEDI	EUR	1,423,949	5,708,089
Designated account (IBRD 8572)	LEID	USD	689,007	500,857
Designated account (IBRD 9060-AM)	SILD AF	EUR	258,294	188,522
Designated account (KFW)	CIP II-P2,P3	EUR	212,112	1,381,552
Community cofinancing	ISMP	AMD	63,066	133,999
Designated account	YWIP	USD	8,308	400,692
Designated account (IBRD 8283-AM)	SILD	USD	44	315,199
Other accounts		USD	28,271	19
Other accounts		AMD	3,677,971	3,603,988
			<u>12,832,970</u>	<u>18,821,038</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.

Armenian Territorial Development Fund
Notes forming part of the financial statements
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8. Government grants

Below are presented the grants' movements for the implementation of ATDF Projects:

Year ended 31.12.2023	SILD	SILD AF	SSIP	LEID	USAID-1	USAID	ISMP	VEDI	IWRM	CIP II- P2, P3	YWIP	Other	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Opening balance	603,366	25,381,913	49,815,584	37,568,543	-	433,849	16,620,000	9,828,481	67,245,518	54,455,250	12,338,624	939,627	275,230,751
Grants received	-	-	-	-	7,980,000	-	-	-	-	-	(402,358)	980,200	8,557,842
Other increase/ (decrease)	-	-	-	-	-	-	-	(4,018)	-	-	-	-	(4,018)
Revaluation	(9,183)	717,895	133,435	(54)	-	1	13,692	237,174	2,441,782	1,732,672	(434)	81	5,267,061
Income correspond- ing to compensated costs	(206,252)	(9,318,411)	(33,398,844)	(12,104,147)	(511,191)	-	(11,764,088)	(4,376,931)	(837,246)	(11,432,599)	(1,732,597)	(1,048,799)	(86,731,105)
Closing balance	387,931	16,781,397	16,550,175	25,464,342	7,468,809	433,850	4,869,604	5,684,706	68,850,054	44,746,323	10,203,235	871,109	202,311,531

Year ended 31.12.2022	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	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	374,452,505
Grants received	-	-	-	(11,136,431)	-	-	(2,171)	-	(12,000,000)	-	1,128,828	(22,009,774)
Other increase/ (decrease)	40,158	-	-	-	-	-	-	-	-	-	(102,117)	(61,959)
Revaluation	(1)	(522,341)	(1,781,210)	56	2,982	(84,818)	(1,182,774)	(3,998,445)	(3,830,440)	2,017	(580,318)	(11,975,292)
Income correspond- ing to compensated costs	(4,969,968)	(1,522,466)	(20,226,212)	(5,648,791)	(1,826,290)	(7,449,117)	(9,616,575)	(1,552,738)	(11,631,272)	(317,957)	(413,339)	(65,174,725)
Closing balance	603,366	25,381,913	49,815,584	37,568,543	433,850	16,620,000	9,828,481	67,245,518	54,455,250	12,338,624	939,626	275,230,755

9. Accounts payable

	31.12.2023 USD	31.12.2022 USD
Payables for construction works	8,355,238	7,161,624
Other payables	1,434,808	1,564,078
	9,790,046	8,725,702
Payables per projects		
SSIP	2,506,687	1,717,016
LEID	531,362	236,162
ISMP	715,123	514,704
VEDI	3,843,966	1,342,699
CIP II-P2, P3	1,734,455	4,653,425
SILD AF	164,950	59,077
IWRM	142,049	
Other	151,454	202,619
	9,790,046	8,725,702

a) Retentions of 10% on VEDI and CIP II-P2, P3 projects; and 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.

10. Project expenditures

Year ended 31.12.2023	SILD USD	SILD AF USD	SIP USD	LEID USD	USAID-1 USD	ISMP USD	VEDI USD	IWRM USD	CIP II-P2, P3 USD	YWIP USD	Other USD	Total USD
Works	183,063	3,363,851	32,170,063	10,728,038	-	9,608,443	3,179,212	-	9,942,180	1,382,980	-	70,557,830
Goods	-	4,662,380	-	63,574	351,906	1,186,400	-	-	-	-	982,602	7,246,862
Consultants' services and Training	-	254,920	221,107	1,157,492	141,350	548,281	1,022,007	591,215	1,490,420	31,626	12,724	6,171,142
Operating costs	13	1,037,084	307,441	154,854	9,683	419,209	157,333	236,464	-	317,979	53,473	2,693,533
Depreciation of PPE	23,176	176	233	188	8,252	1,755	18,378	9,567	-	13	-	61,738
Total	206,252	9,318,411	33,398,844	12,104,146	511,191	11,764,088	4,376,930	837,246	11,432,600	1,732,598	1,048,799	86,731,105
Year ended 31.12.2022	SILD USD	SILD AF USD	SIP USD	LEID USD	USAID USD	ISMP USD	VEDI USD	IWRM USD	CIP II-P2, P3 USD	YWIP USD	Other USD	Total USD
Works	1,043,628	707,034	19,592,256	4,789,506	-	6,191,314	9,109,571	-	9,807,322	-	66,841	50,974,472
Goods	3,725,558	-	-	-	1,756,515	238,679	-	-	-	-	-	5,720,752
Consultants' services and Training	76,726	141,992	50,399	752,872	51,093	704,926	370,391	1,408,639	1,823,950	95,206	311,331	6,487,525
Operating costs	102,517	673,440	16,348	106,239	7,208	314,178	131,024	144,078	-	222,747	35,167	1,952,946
Depreciation of PPE	21,539	-	209	174	11,474	20	5,589	21	-	4	-	39,030
Total	4,969,968	1,522,466	20,226,212	5,648,791	1,826,290	7,449,117	9,616,575	1,552,738	11,631,272	317,957	413,339	65,174,725

Year ended 31.12.2023	SILD	SILD AF	SSIP	LEID	USAID-1	ISMP	VEDI	IWRM	CIP II-P2,P3	YWIP	Other	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Funds received/ (returned)												
Loan/Grant	21,258 (197,240)	9,954,973 6,871,237	28,795,637 17,127,090	13,228,326 10,617,923	630,932 600,500	12,253,126 10,251,775	961,343 -	13,902,451 13,243,456	8,233,878 6,102,191	3,472,151 2,403,951	1,475,008 -	92,929,083 67,020,883
RoA Government	230,154	2,591,482	11,668,547	2,610,403	-	1,946,855	961,343	658,995	2,131,687	1,068,200	1,475,008	25,342,674
Community Contributions	(11,656)	492,254	-	-	30,432	54,496	-	-	-	-	-	567,246
Other Sponsors	-	-	-	-	-	-	-	-	-	-	-	-
Expenditures on Projects												
Works	(357,817) (280,883)	(9,870,442) (3,624,658)	(31,251,337) (30,022,306)	(13,037,025) (11,661,107)	(572,248) -	(10,256,167) (8,105,356)	(5,326,472) (4,143,379)	(13,900,794) (13,041,614)	(9,452,038) (7,970,887)	(3,867,141) (3,532,539)	(1,092,508) (24,929)	(98,983,989) (82,407,658)
Goods	(76,934)	(4,952,210)	-	(63,574)	(395,160)	(1,211,344)	(22,491)	-	-	-	(1,060,207)	(7,781,920)
Consultant Services and Training	-	(256,363)	(921,590)	(1,157,490)	(140,346)	(518,702)	(1,002,486)	(622,717)	(1,481,151)	(16,623)	(7,372)	(6,124,840)
Operating Costs	-	(1,037,211)	(307,441)	(154,854)	(36,742)	(420,765)	(158,116)	(236,463)	-	(317,979)	-	(2,669,571)
Other operating flows (net)	(13)	-	19	(299)	-	-	-	-	-	-	(1)	(294)
Foreign exchange gain/(loss)	(14,570)	(31,969)	18,016	(2,872)	-	2,493	80,990	(1,657)	48,720	2,606	(34,625)	67,132
Net cash flows	(351,142)	52,562	(2,437,665)	188,130	58,684	1,999,452	(4,284,139)	-	(1,169,440)	(392,384)	347,874	(5,988,068)
Opening cash balance	741,286	1,255,193	4,810,010	500,877	-	2,178,548	5,708,089	-	1,381,552	400,692	1,844,791	18,821,038
Closing cash balance	390,144	1,307,755	2,372,345	689,007	58,684	4,178,000	1,423,950	-	212,112	8,308	2,192,665	12,832,970

Cash flows per projects

Year ended 31.12.2022	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
Funds received/ (returned)	3,368,132	2,345,500	13,620,263	3,942,480	1,566,775	7,841,612	9,254,226	1,436,105	10,055,466	231,538	2,173,919	55,836,016
Loan/Grant	2,345,895	750,660	10,202,318	2,992,875	1,535,500	6,517,754	7,610,501	876,955	8,206,743	-	200,000	41,239,201
RoA Government	982,079	644,414	3,045,660	949,605	-	1,275,778	1,643,725	559,150	1,848,723	231,538	1,973,919	13,154,591
Community Contributions	40,158	950,426	-	-	31,275	48,080	-	-	-	-	-	1,069,939
Other Sponsors	-	-	372,285	-	-	-	-	-	-	-	-	372,285
Expenditures on Projects	(4,690,246)	(1,366,415)	(19,145,849)	(4,840,170)	(1,814,816)	(8,665,812)	(8,887,947)	(1,486,227)	(8,832,279)	(323,942)	(1,619,037)	(61,672,740)
Works	(843,336)	(552,415)	(18,178,079)	(3,980,994)	-	(7,352,204)	(8,118,818)	-	(7,179,703)	-	(1,039,544)	(47,245,093)
Goods	(3,667,668)	-	-	-	(1,810,589)	(278,124)	(16,057)	-	-	-	(579,493)	(6,351,931)
Consultant Services and Training	(76,725)	(140,560)	(751,396)	(752,883)	-	(720,120)	(628,732)	(1,342,254)	(1,652,576)	(101,204)	-	(6,166,450)
Operating Costs	(102,517)	(673,440)	(216,374)	(106,293)	(4,227)	(315,364)	(124,340)	(143,973)	-	(222,738)	-	(1,909,266)
Other operating flows (net)	-	(11,111)	(10)	-	-	-	-	-	-	-	34,068	22,947
Foreign exchange gain/(loss)	121,492	64,544	116,440	20,260	15,671	90,364	(227,221)	50,122	112,562	7,998	194,566	566,798
Net cash flows	(1,200,622)	1,032,518	(5,409,156)	(877,430)	(232,370)	(733,836)	139,058	-	1,335,749	(84,406)	783,516	(5,246,979)
Opening 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
Closing cash balance	741,286	1,255,192	4,810,008	500,876	12,520	2,178,548	5,708,089	-	1,381,552	400,693	1,832,274	18,821,038

11. Taxes

Applicable taxes are calculated and paid in accordance with Tax Code of the Republic of Armenia. Income tax rate in the Republic of Armenia for year 2023 is set at 18% (2022: 18%).

12. Litigations

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

13. 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	171,491,510	<i>Current</i> The carrying amount of short term (less than 12 months) trade payables approximates its fair values.	Level 3	N/A
Payables	9,790,046	<i>Current</i> The carrying amount of short term (less than 12 months) trade payables approximates its fair values.	Level 3	N/A