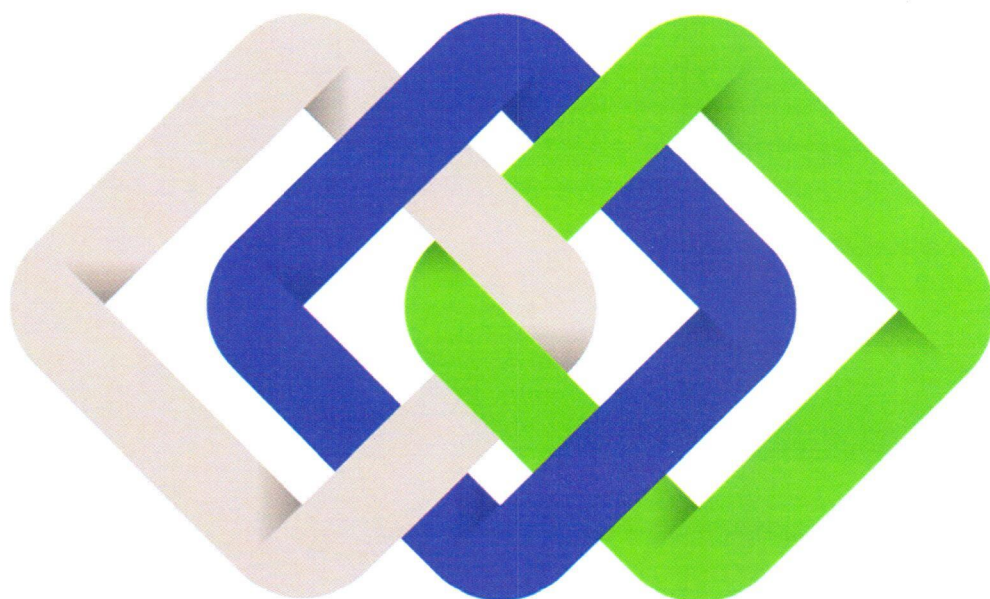


# **Grant Project Financial Statements and Independent Auditor's Report**

**“National University of Architecture and  
Construction of Armenia” Foundation**

**“Modernization of the curricula on “Road  
construction and operation” with the introduction of  
a state-of-the-art laboratory equipped with the latest  
equipment”**

As of 31 July 2021 and for the period from 1 August 2019 to 31  
July 2021



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# Independent auditor's report

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To the management of the State Agency "Center for Education Projects" Project Implementation Unit

## *Opinion*

We have audited the Grant project financial statements of the "Modernization of the curricula on "Road construction and operation" with the introduction of a state-of-the-art laboratory equipped with the latest equipment" project (the "Project") financed within the scope of Competitive Innovation Fund (the "CIF"), which comprise the statement of financial position as of 31 July 2021, the statement of project sources and uses of funds, the statement of uses of funds by project main categories of expenditures, the grant operating account statement and the co-financing operating account statement for the period from 1 August 2019 to 31 July 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Grant project financial statements give a true and fair view of the financial position of the "Modernization of the curricula on "Road construction and operation" with the introduction of a state-of-the-art laboratory equipped with the latest equipment" Grant project as of 31 July 2021, and of the funds received and expenses incurred for the period from 1 August 2019 to 31 July 2021, in accordance with the accounting policies described in note 2, the relevant points of the Grant Agreement 13/19-CIF and the Operational Manual for Competitive Innovation Fund.

## *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Grant Project Financial Statements* section of our report. We are independent of "National University of Architecture and Construction of Armenia" Foundation (the "NUACA") in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Emphasis of a Matter*

We draw attention to note 2 to the Grant project financial statements, which describes the basis of accounting. The Grant project financial statements are prepared to assist the management of the State Agency "Center for Education Projects" Project Implementation Unit" to meet the requirements of Competitive Innovation Fund based on the frames of the World Bank's Education Improvement Project. As a result, the Grant project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



### *Responsibilities of Management and Those Charged with Governance for the Grant Project Financial Statements*

Management is responsible for the preparation and fair presentation of the Grant project financial statements in accordance with the accounting policies described in note 2 to the Grant project financial statements, the relevant points of the Grant Agreement 13/19-CIF and the Operational Manual for Competitive Innovation Fund, 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.

Those charged with governance are responsible for overseeing the Grant project financial reporting process.

### *Auditor's Responsibilities for the Audit of the Grant Project Financial Statements*

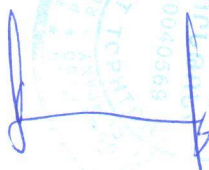
Our objectives are to obtain reasonable assurance about whether the Grant project financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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

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

- Identify and assess the risks of material misstatement of the Grant project 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 NUACA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Grant project financial statements, including the disclosures, and whether the Grant project financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Armen Hovhannisyan  
Chief Executive Officer



Emil Vassilyan, FCCA  
Engagement Partner



30 September 2021

# Statement of financial position

In Armenian drams

	Note	As of 31 July 2021
<i>Assets</i>		
<i>Non-current assets</i>		
Grant project accumulated expenses		152,442,794
Total assets		152,442,794
<i>Funds and liabilities</i>		
Grant project accumulated financing	4	152,442,794
Total funds and liabilities		152,442,794

The Grant project financial statements were approved on 30 September 2021 by:

Eghiazar Vardanyan  
Rector

Kristine Harutyunyan  
Chief Accountant



This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 12.

# Statement of project sources and uses of funds

As of 31 July 2021 and for the period from 1 August 2019 to 31 July 2021

In Armenian drams

	Actual		Planned		Variance	
	For the period	As of 31 July 2021	For the period	As of 31 July 2021	For the period	As of 31 July 2021
<i>Funds received</i>						
Grant (refer to note 4)	132,625,231	132,625,231				
Co-financing (refer to note 4)	19,817,563	19,817,563				
Total	152,442,794	152,442,794				
<i>Uses of funds</i>						
Eligible expenses	152,442,794	152,442,794	165,670,800	165,670,800	(13,228,006)	(13,228,006)
Total	152,442,794	152,442,794	165,670,800	165,670,800	(13,228,006)	(13,228,006)
Net increase in working capital	-	-				

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 12.



# Statement of uses of funds by project main categories of expenditures

Period from 1 August 2019 to 31 July 2021

In Armenian drams

#	Type of expense	Estimated expenses			Actual expenses			Variance		
		Grant	Co-financing	Total	Grant	Co-financing	Total	Grant	Co-financing	Total
1	Computer equipment	16,510,164	2,467,036	18,977,200	12,099,438	1,807,962	13,907,400	4,410,726	659,074	5,069,800
2	Laboratory equipment and supplies	111,262,560	16,625,440	127,888,000	104,906,866	15,675,738	120,582,604	6,355,694	949,702	7,305,396
3	Stationary	126,672	18,928	145,600	97,927	14,633	112,560	28,745	4,295	33,040
4	Printing	261,000	39,000	300,000	261,000	39,000	300,000	-	-	-
5	Consultancy services (local)	5,011,200	748,800	5,760,000	4,489,200	670,800	5,160,000	522,000	78,000	600,000
6	CIF project staff salary	10,648,800	1,591,200	12,240,000	10,635,749	1,589,251	12,225,000	13,051	1,949	15,000
7	Other expenses	313,200	46,800	360,000	135,051	20,179	155,230	178,149	26,621	204,770
Total		144,133,596	21,537,204	165,670,800	132,625,231	19,817,563	152,442,794	11,508,365	1,719,641	13,228,006

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 12.

# Grant operating account statement

In Armenian drams

Opening balance as of 1 August 2019		-
Add: Cumulative unexplained discrepancy		-
Grant replenishment during the year	132,625,231	
	<u>132,625,231</u>	<u>132,625,231</u>
Present outstanding amount advanced to the Grant operating account (1)		<u>132,625,231</u>
Closing balance as of 31 July 2021		-
Add: Amount of eligible expenditures paid during the period	132,625,231	
	<u>132,625,231</u>	<u>132,625,231</u>
Total advance accounted for (2)		<u>132,625,231</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 12.



# Co-financing operating account statement

In Armenian drams

Opening balance as of 1 August 2019		-
Add: Cumulative unexplained discrepancy		-
Co-financing received during the year	27,333,470	
	<u>27,333,470</u>	<u>27,333,470</u>
Less: Transfer to another NUACA account during the year		(7,515,907)
Present outstanding amount advanced to the co-financing operating account (1)		<u>19,817,563</u>
Closing balance as of 31 July 2021		-
Add: Amount of eligible expenditures paid during the period*	19,817,563	
	<u>19,817,563</u>	<u>19,817,563</u>
Total advance accounted for (2)		<u>19,817,563</u>
Discrepancy (1) – (2) to be explained		-

This statement is to be read in conjunction with the notes to and forming part of the Grant project financial statements set out on pages 10 to 12.

# Notes to the Grant project financial statements

## 1 Nature of operations and general information

"National University of Architecture and Construction of Armenia" Foundation (the "NUACA") was established in accordance with the Republic of Armenia Government decree N 80-Ն dated 23 January 2014. It is restructured from "Yerevan State University of Architecture and Construction" State Non Commercial Organization into "National University of Architecture and Construction of Armenia" Foundation. The NUACA has a legal entity status and is registered by the appropriate authorities responsible for the registration of legal entities.

The founder of the NUACA is the Republic of Armenia represented by the Government of the Republic of Armenia.

The NUACA renders high professional educational projects in accordance with the law and regulation defined by the Government of the Republic of Armenia and its activity goals.

The objectives of the NUACA are to:

- implementation of higher (magistracy), secondary vocational and post-graduate educational programmes, development and approval of educational plans and subject projects, publishing of scientific literature;
- conferring honorary titles of the Academy, setting prizes, providing scholarships and awards, academic medals;
- arranging the admission of applicants under the Master's, PhD and research programs, in accordance with the order defined by the Republic of Armenia Government;
- implementation of such business activities, which are defined by the Board of trustees.

According to the Grant Agreement 13/19-CIF (Agreement) signed between the NUACA and the State Agency "Center for Education Projects" Project Implementation Unit" (the "PIU"), dated 30 July 2019, the NUACA implements the "Modernization of the curricula on "Road construction and operation" with the introduction of a state-of-the-art laboratory equipped with the latest equipment" Grant project ("Project"). The budget of the Grant project makes drams 165,670,800, drams 144,133,596 of which will be allocated from the Grant funds, and drams 21,537,204 from co-financing.

The Project is aimed at the preparation of high-quality engineering personnel for the construction and operation of roadways, the provision of technical facilities to Master's, PhD students and teaching staff for conducting scientific-experimental research at the latest scientific and technical level, high-level organization of constructive, environmental and other experimental-revision functions in the construction sector.

The specific goals of the Project are the following:

- having an educational-scientific-testing laboratory base equipped with modern equipment for enhanced capacity building of the NUACA, with trained scientific-pedagogical, scientific-research and laboratory staff;
- having revised and developed specializations in accordance with modern requirements, in the framework of the "Road Construction and Operation" curricula developed in the "Road Construction", "Bridges and Road Tunnels" specializations using new teaching-learning methods and modern teaching-methodological materials (project-based learning);
- introduction of distance learning components using the Moodle e-platform;
- creation of possibility of scientific-research, design and expert services provision;



- creation of scientific-educational active communication between the high educational institutions of the Republic of Armenia and the scientific-production organizations and international organizations having similar directions.

The NUACA is located at 105 Teryan street, Yerevan, Republic of Armenia.

During the reporting period the number of staff involved in the Grant project implementation was 4 employees.

## 2 Basis of preparation

### 2.1 Statement of compliance

The Grant project financial statements were prepared in accordance with the accrual basis of accounting, the relevant points of the Grant Agreement 13/19-CIF and requirements of the Operational Manual for Competitive Innovation Fund. Significant accounting policies are disclosed below.

### 2.2 Functional and presentation currency

The national currency of Armenia is the Armenian dram ("dram"), which is the NUACA's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the NUACA. All financial information presented in Armenian drams has been rounded to the nearest unit.

### 2.3 Grant project financing

The financing received in the framework of the agreement is recorded in the statement of financial position as "Grant project accumulated project financing" and is recognized at each replenishment. The unused amounts available at the end of the Grant project, which are subject to be returned are being deducted from the amounts of "Accumulated Grant project financing" and recognized as payable. In addition, the current period funds received are disclosed in the statement of Grant project sources and uses of funds.

### 2.4 Grant project expenses

The Grant project expenses are recognized on the accrual basis of accounting. The accumulated Grant project expenses are disclosed in the statement of financial position under non-current assets. In addition, expenses are disclosed in the statement of Grant project sources and uses of funds and statement of uses of funds by Grant project main categories of expenditures. Furniture and equipment procured within the scope of the Grant project and recognized in expenses are the property of the NUACA. Items of fixed assets procured within the scope of the Grant project are not recognized as such and no depreciation is calculated in respect of them. Instead, their initial cost is disclosed in note 6.

### 2.5 Planned expenses

The Grant project planned expenses are the Grant project budget defined by the grant agreement, which includes the grant financing and co-financing.

## 3 Closing date of the Grant project

According to the grant agreement, the Grant project closing date was defined as 31 July 2021.



## 4 Accumulated Grant project financing

In Armenian drams

Period from 1 August  
2019 to 31 July 2021

Grant funds	
PIU financing	132,625,231
	132,625,231
Co-financing	
NUACA's co-financing	27,333,470
Amount returned	(7,515,907)
	19,817,563
Total	152,442,794

## 5 Reconciliation between the amounts received by the Grant project from the PIU and disbursed by the NUACA

In Armenian drams

	NUACA	PIU	Variance
Stage 1	1,370,250	1,370,250	-
Stage 2	18,424,686	18,424,686	-
Stage 3	40,752,505	40,752,505	-
Stage 4	22,503,873	22,503,873	-
Stage 6	48,479,150	48,479,150	-
Stage 8	1,094,767	1,094,767	-
	132,625,231	132,625,231	-

## 6 Fixed assets

The items of fixed assets include furniture, computer and other equipment acquired in the scope of the Grant project. No depreciation is calculated in respect of them.

The acquired and expensed items are the property of the NUACA.

The initial cost of the fixed assets procured within the scope of the Grant project are presented below:

### Fixed assets

In Armenian drams

As of 31 July 2021

Computer equipment	13,907,400
Laboratory equipment	120,582,604
	134,490,004