

**"NATIONAL UNIVERSITY OF ARCHITECTURE AND CONSTRUCTION
OF ARMENIA" FOUNDATION**

**"Assurance of Smart Solutions for the modeling, designing and managing of
engineering systems, and the improvement of educational programs' efficiency by
the replenishment of laboratory test equipment"**

GRANT

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

For the period from 14 June 2023 to 15 July 2025

CONTENTS

Independent Auditors' Report	3
Statement of financial position	5
Statement of project sources and uses of funds	6
Statement of uses of funds by project main categories of expenditures	7
Grant operating account statement	8
Co-financing operating account statement	9
Notes to the Special Purpose Financial Statements	10



ՓԲ ՀԸ ՓԻ Փաստերի ֓ԻԵ
PHP Partners CJSC

Էրաժիվանման հասցե՝ ՀՀ Իրևանի Փկր Դաժնիցան 15ա
Registration address՝ 15a Akh Nisenzjan, Yerevan
Տարածանքային հասցե՝ ՀՀ Իրևանի Փկրից 1, Էրաժիվանման կենտրոն
Activity address՝ 2 Akhuti str., Yerevan Business Center, Yerevan, Armenia

Հեռ.՝ (374) 0204090
Էլ. փոստ՝ general@php.am

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special purpose financial statements of the Project "Assurance of Smart Solutions for the modeling, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replenishment of laboratory test equipment" (hereinafter the Project), implemented by "National University of Architecture and Construction of Armenia" Foundation (hereinafter NUACA), which comprise the statement of financial position as of 15 July 2025, 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 14 June 2023 to 15 July 2025, and a summary of significant accounting policies and other explanatory information.

In our opinion, the special purpose financial statements present fairly in all material respects the financial position as of 15 July 2025, and the funds received and expenses incurred for the period from 14 June 2023 to 15 July 2025, in accordance with the accounting policies described in note 2, the relevant points of the Grant Agreement 3/23-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 *Auditors Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the NUACA 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 responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient appropriate to provide a basis for our opinion.

Emphasis of Matter - Restriction on Distribution or Use

We draw attention to Note 2(a) to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements have been prepared for providing information to the State Agency "Center for Education Projects" Project Implementation Unit" to assist them in meeting the requirements of Competitive Innovation Fund based on the frames of the World Bank's Education Improvement Project with Additional Financing (Project). As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We draw attention to Note 1(b) to the special purpose financial statements, which states that the project closing date is 15 July 2025. Our opinion is not modified on this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the accounting policies described in Note 2(a), the relevant points of the Grant Agreement 3/23-CIF and the Operational Manual for Competitive Innovation Fund, and for such internal control as management determine is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate, or to cease operations of Project, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 NUACA'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 the 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 NUACA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the NUACA 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.
- 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.

Hovhannes Petrosyan
Director
PHP Partners cise
21 November 2025



Lilit Minasyan
Partner, Head of Audit Services

A handwritten signature in blue ink, appearing to read "Lilit Minasyan".

<i>AMD</i>	Notes	<u>Actual</u>
Assets		
<i>Non-current assets</i>		
Grant project accumulated expenses		117,626,484
Total assets		<u>117,626,484</u>
Funds and liabilities		
Grant project accumulated financing	4	116,836,224
Other income		790,260
Total funds and liabilities		<u>117,626,484</u>

The project special purpose financial statements were approved and signed on 21 November 2025.

Mamak Panguliyuan
Rector



Kristine Harutyunyan
Chief Accountant

"Assurance of Smart Solutions for the modeling, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replacement of laboratory test equipment"
Statement of project incomes and uses of funds As of 15 July 2025 and for the period from 14 June 2023 to 15 July 2025

	Actual		Planned		Variance	
	For the period	Cumulative	For the period	Cumulative	For the period	Cumulative
AMD						
<i>Funds received</i>						
Grant (refer to note 4)	90,723,143	90,723,143				
Co-financing (refer to note 4)	26,113,081	26,113,081				
Other income	790,260	790,260				
Total	117,626,484	117,626,484				
<i>Uses of funds</i>						
Eligible expenses	117,626,484	117,626,484	125,574,484	125,574,484	(7,948,000)	(7,948,000)
Total	117,626,484	117,626,484	125,574,484	125,574,484	(7,948,000)	(7,948,000)
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 13.

"Assurance of Smart Solutions for the incubating, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replacement of laboratory test equipment"
Statement of uses of funds by project main categories of expenditures for the period from 14 June 2023 to 15 July 2025

AMD	Actual		Planned		Variance	
	Co-financing	Total	Co-financing	Total	Co-financing	Total
Laboratory equipment and supplies	63,898,800	84,902,484	63,898,800	84,902,484	-	-
Computers and equipment	13,678,560	16,284,000	19,714,800	23,470,000	(6,036,240)	(7,186,000)
CTF project staff salary	10,281,600	12,240,000	10,281,600	12,240,000	-	-
Printing	1,915,200	364,800	2,071,440	394,560	(156,240)	(29,760)
Consultancy services (local)	1,612,800	307,200	1,612,800	307,200	-	-
Other expenses	-	-	483,840	92,160	(483,840)	(92,160)
Total	91,386,960	117,626,484	98,063,280	125,574,484	(6,676,320)	(7,948,000)

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 13.

"Assurance of Smart Solutions for the modeling, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replenishment of laboratory test equipment"
Grant operating account statement

	AMD
Opening balance as of 14 June 2023	-
Add: Cumulative unexplained discrepancy	
Grant replenishment during the period	90,969,416
Less: Refund to the PIU during the period	(246,273)
Present outstanding amount advanced to the Grant operating account (1)	90,723,143
Closing balance as of 15 July 2025	-
Add: Amount of eligible expenditures paid during the period	90,723,143
Total advance accounted for (2)	90,723,143
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 13.

"Assurance of Smart Solutions for the modeling, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replenishment of laboratory test equipment"
Co-financing operating account statement

	AMD
Opening balance as of 14 June 2023	-
Add: Cumulative unexplained discrepancy	-
Co-financing received during the period	28,492,644
Less: Refund of co-financing during the period	(2,379,563)
Present outstanding amount advanced to the co-financing operating account (1)	26,113,081
Closing balance as of 15 July 2025	-
Add: Amount of eligible expenditures paid during the period	26,113,081
Total advance accounted for (2)	26,113,081
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 13.

1 Background

(a) Organisation and operations

"National University of Architecture and Construction of Armenia" Foundation (the "NUACA") was established in accordance with the Republic of Armenia Government decree N 80-1, 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.

The Government of Armenia has entered into a Loan Agreement with the World Bank (IBRD Loan No. 9389-AM) to support the implementation of the Education Improvement Project, including Additional Financing (the "Project").

One of the key components of the Project is the full-scale implementation of the Competitive Innovation Fund (CIF), aimed at enhancing the capacity and competitiveness of Higher Education Institutions.

Project funding is provided jointly by the International Bank for Reconstruction and Development (IBRD) and the Government of Armenia. The State Agency "Center for Education Projects" Project Implementation Unit disburses the financing grant in tranches based on the outcomes of competitive selection processes.

Additionally, the National University of Architecture and Construction of Armenia (NUACA) contributes to the Project by co-financing a portion of the expenses.

According to the Grant Agreement 3/23-CIF (Agreement) signed between the NUACA and the State Agency "Center for Education Projects" Project Implementation Unit" (the "PIU"), dated 14 June 2023, the NUACA implements the "Assurance of Smart Solutions for the modeling, designing and managing of engineering systems, and the improvement of educational programs' efficiency by the replenishment of laboratory test equipment" Grant project ("Project"). The budget of the Grant project makes AMD 125,574,484, AMD 98,063,280 of which will be allocated from the Grant funds, and AMD 27,511,204 from co-financing.

The goal of the project is supplementing the existing laboratory base with the latest experimental equipment with interdisciplinary application aimed at improving the teaching and learning of educational programs related to engineering systems modeling, design and management, developing and commercializing scientific research activities (strengthening education-science-business

connections), involving scientific research in the educational process, applying smart solutions, and expanding the educational and scientific functions of the university.

As part of the project, the following activities have been carried out:

- Establishment of an Internet of Tools (IoT) laboratory,
- Allocation and furnishing of appropriate area for specific testing devices within existing laboratories,
- Establishment of a computer classroom equipped with the necessary software packages,
- Introduction of Building Information Modeling (BIM) approaches into the educational programs of the University.

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

(b) Project closing

The Project was closed on 15 July 2025.

2 Basis of preparation

(a) Statement of compliance

The special purpose financial statements are prepared in accordance with the accrual basis of accounting, the relevant points of the Grant Agreement 3/23 - CIF and requirements of the Operational Manual for Competitive Innovation Fund.

The special purpose project financial statements consist of:

- Statement of Financial Position,
- Statement of Project Sources and Uses of Funds,
- Statement of Uses of Funds by Project Main Categories of Expenditures,
- Grant Operating Account Statement,
- Co-financing Operating Account Statement,
- Summary of Significant Accounting Policies and Other Explanatory Information.

(b) Reporting currency

The reporting currency of special purpose financial statements is Armenian dram (AMD). All financial information presented in AMD has been rounded to the nearest AMD.

(c) 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.

(d) 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 property, plant, and equipment 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.

(e) 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 Significant accounting policies

(a) Taxes

All the applicable tax liabilities are calculated and paid in accordance to tax regulations of the Republic of Armenia.

4 Accumulated Grant project financing

AMD

	Period from 14 June 2023 to 15 July 2025
Grant funds	
PIU financing	90,969,416
Amount returned	(246,273)
	90,723,143
Co-financing	
NUACA's co-financing	28,492,644
Amount returned	(2,379,563)
Total	26,113,081 116,836,224

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

AMD

	NUACA	PIU	Variance
Stage 1	1,559,880	1,559,880	-
Stage 2	21,468,034	21,468,034	-
Stage 3	17,753,400	17,753,400	-
Stage 4	2,741,760	2,741,760	-
Stage 6	37,396,582	37,396,582	-
Stage 7	10,049,760	10,049,760	-
	90,969,416	90,969,416	-
Amount returned	(246,273)	(246,273)	-
	90,723,143	90,723,143	-

6 Property, plant, and equipment

The items of property, plant, and equipment 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 property, plant, and equipment procured within the scope of the Grant project are presented below:

<i>AMD</i>	As of 15 July 2025
Laboratory equipment	84,902,484
Computer equipment	16,284,000
	<hr/>
	101,186,484