

URBAN SUSTAINABLE DEVELOPMENT FOUNDATION

FINANCIAL STATEMENTS

For the year ended 31 December, 2021

Registered in the State Register of Legal Entities of RA on 28 April 2004

Registration Certificate: 03 A 064891

Address: 9 Alek Manukyan Str., Yerevan, RA

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This report was initially prepared in Armenian and then translated to English. In case of inaccuracies or linguistic misinterpretations, the Armenian version is the basis.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of “Urban” Sustainable Development Foundation

Opinion

We have audited the financial statement of “Urban” Sustainable Development Foundation (hereinafter referred as Foundation), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Enterprises (IFRS for SMEs).

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 Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the code of the Ethics for Professional Accountant set by the International Ethics Standards Board for 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 and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, 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 Foundation’s ability to continue as a going concern, disclosing, as applicable, matters relates to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or ha no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation’s financial reporting process.

Auditor's Responsibilities 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 guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

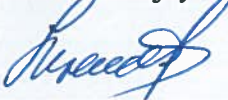
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 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 Foundation'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 Foundation'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 disclosure in the consolidated 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents 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.

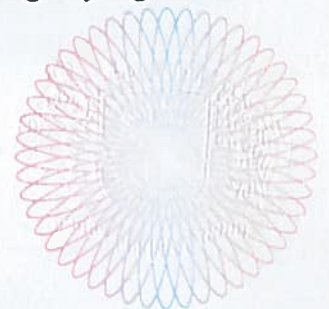
London Business Group JV LLC

9 March, 2022

Head of Audit
Mariam Khojayan



Director
Tigran Zoryan



Statement of Financial Position

(Presented in thousand AMD)	Notes	<u>As at 31 December,</u> <u>2021</u>	<u>As at 31 December,</u> <u>2020</u>
<u>Assets</u>			
<i>Non-current assets</i>			
Property, plant and equipment	4	10,542	527
<i>Total non-current assets</i>		<u>10,542</u>	<u>527</u>
<i>Current assets</i>			
Inventories	5	57	-
Receivables	6	2,985	247
Prepayments	6	111	51
Cash and cash equivalents	7	37,546	5,496
<i>Total current assets</i>		<u>40,699</u>	<u>5,794</u>
Total assets		51,241	6,321
<u>Equity & Liabilities</u>			
<u>Equity</u>			
Accumulated profit		-	-
Total equity		-	-
<u>Liabilities</u>			
<i>Non-current liabilities</i>			
Long-term borrowings		-	-
Grants related to assets	8	10,542	527
<i>Total non-current liabilities</i>		<u>10,542</u>	<u>527</u>
<i>Current liabilities</i>			
Payables	6	13	197
Grants related to income	8	40,686	5,597
<i>Total current liabilities</i>		<u>40,699</u>	<u>5,794</u>
Total liabilities		51,241	6,321
Total equity and liabilities		51,241	6,321

N. Ghazakhetsyan
Executive Director

K. Gharibyan
Chief Accountant

9 March, 2022

Statement of Comprehensive Income

(Presented in thousand AMD)	Notes	<u>For the year ended 31 December, 2021</u>	<u>For the year ended 31 December, 2020</u>
Income			
Grants recognized as income	9	44,589	85,009
Other revenues	10	54,284	9,302
Total income		98,873	94,311
Expenses			
Projects implemented	11	(49,283)	(69,673)
Management & administrative costs	12	(48,287)	(11,916)
Other expenses	13	(961)	(12,577)
Total expenses		(98,531)	(94,166)
Net income (loss)		342	145
Financial income		-	-
Financial expenses		(342)	(145)
Financial results		(342)	(145)
Net profit (loss) for the year before taxes		-	-
Profit tax		-	-
Net profit (loss)		-	-



N. Ghazakhetsyan
Executive Director



9 March, 2022

K. Gharibyan
Chief Accountant

Cash Flow Statement

(Continued)

(Presented in thousand AMD)

	Notes	<u>For the year ended 31 December, 2021</u>	<u>For the year ended 31 December, 2020</u>
Financial activities			
<i>Cash inflow from financial activities</i>			
Borrowings received		7,052	38,443
Cash inflow from other financial activities		-	-
<i>Total cash inflow from financial activities</i>		<u>7,052</u>	<u>38,443</u>
<i>Cash outflow from financial activities</i>			
Repayment of loans		7,394	38,587
Interest payments		-	-
Cash outflow from other financial activities		-	-
<i>Total cash outflow from financial activities</i>		<u>7,394</u>	<u>38,587</u>
Net cash flow from financial activities		(342)	(144)
Change in cash balance		30,958	2,400
Net results of exchange rate changes for foreign currency		1,092	2,195
Closing cash balance	7	37,546	5,496


N. Ghazakhetsyan
Executive Director



K. Gharibyan
Chief Accountant

9 March, 2022