

**FOREIGN FINANCING PROJECTS MANAGEMENT CENTRE
TRADE PROMOTION AND QUALITY INFRASTRUCTURE PROJECT**

LOAN No. 8390-AM

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2016

CONTENTS

Independent Auditors' Report	3
Statement of Project Sources and Uses of Funds	5
Statement of Uses of Funds by Project Activity	7
Notes to the Special Purpose Financial Statements	8



Փի-Էյչ-Փի Աուդիտ ՓԲԸ
PHP Audit CJSC

Իրավաբանական հասցե. Նալբանդյան 47/4, Երևան, ՀՀ
Registration address: 47/4 Nalbandyan str., Yerevan, Armenia
Գործունեության հասցե. Ադոնցի 2, Երազ բիզնես կենտրոն, Երևան, ՀՀ
Activity address: 2 Adonts str., Eraz Business Centre, Yerevan, Armenia

Հեռ. (010) 20 40 90
Ել. (011) 20 40 90
Էլ-փոստ gncral@php.am
E-mail

INDEPENDENT AUDITORS' REPORT

To the Director of Foreign Financing Projects Management Centre

We have audited the accompanying special purpose financial statements of the Trade Promotion and Quality Infrastructure Project (hereinafter the TPQIP), implemented by Foreign Financing Projects Management Center State Institution (hereinafter the FFPMC), which comprise Statement of Project Sources and Uses of Funds, Statement of Uses of Funds by Project Activity, Reconciliation Statement of Withdrawal Applications, Statement of Designated Account and Government Co-financed Account for the year ended 31 December 2016, and Statement of Financial Position as at 31 December 2016 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the special purpose financial statements present fairly in all material respects the project sources and uses of funds, uses of funds by project activity and its cash flows for the year ended 31 December 2016 in accordance with the cash basis of accounting in line with International Public Sector Accounting Standard (IPSAS): Financial Reporting under the Cash Basis of Accounting and Financing Agreement between the Republic of Armenia and International Bank for Reconstruction and Development dated 6 August, 2014 (Loan #8390-AM).

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 Union 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the special purpose financial statements, which indicates that the Ministry of Economic Development and Investments, who is responsible for the entire project and has the overall project coordination role, did not initiate activities to be implemented in the scope of Part B: Promoting Investment and Exports and Part C: Modernizing the National Quality Infrastructure as provided by the Project Operational Manual. Lack of such activities indicate that a material uncertainty exists that may cast significant doubt on the TPQIP's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Government of the Republic of Armenia and the International Development Association to assist them in evaluating the TPQIP's implementation. 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.