

E-SOCIETY AND INNOVATION FOR COMPETITIVENESS PROJECT

IBRD LOAN No. 7963-AM

**IMPLEMENTED BY FOREIGN FINANCING PROJECTS MANAGEMENT CENTER
OF THE MINISTRY OF FINANCE OF THE REPUBLIC OF ARMENIA**

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

For the period from January 1, 2016 to December 7, 2016

**YEREVAN
December 2016**

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"SOS-AUDIT" LTD

INDEPENDENT AUDITOR'S REPORT

*On the special purpose financial statements of
E-society and innovation for Competitiveness Project
for the period from January 1, 2016 to December 7, 2016*

To the Management of the Foreign Financing Projects Management Center (FFPMC)

We have audited the accompanying special purpose financial statements of “E-society and Innovation for Competitiveness Project” (the Project) financed by IBRD Loan No.7963-AM and implemented by the FFFMC, which comprise the statement of cash receipts and payments, the statement of uses of funds by Project activity for the period from January 1, 2016 to December 7, 2016 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Special Purpose Financial Statements

The management of FFFMC is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, (IPSAS-Cash Basis) issued by the International Public Sector Accounting Standards Board (IPSASB) within the International Federation of Accountants (IFAC), and Financial Management Manual for World Bank Financed Investment Operations (WB Guidelines), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) within the IFAC. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain reasonable audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risk of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statement 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 entity's internal control.