

Karabakh Revival Fund

**International Financial Reporting Standards
Financial Statements and
Independent Auditor's Report**

31 December 2021



Independent Auditor's Report

To the Supervisory Board of the Karabakh Revival Fund:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Karabakh Revival Fund (the "Fund") as at 31 December 2021, and the Fund's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 Fund'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 the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 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 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 Fund'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 Fund'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 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 auditor's report. However, future events or conditions may cause the Fund 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.

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.

PricewaterhouseCoopers Audit



Baku, Republic of Azerbaijan

8 June 2022

Karabakh Revival Fund
Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment		340,542
Intangible Assets		61,104
Investment in Debt Securities	8	289,052,501
Total non-current assets		289,454,147
Current assets		
Inventories		11,672
Prepayment		64,536
Investment in Debt Securities	8	27,754,823
Cash and cash equivalents	9	573,162,502
Other tax prepayment		781
Total current assets		600,994,314
TOTAL ASSETS		890,448,461
EQUITY		
Charter capital		1,000,000
Retained earnings		888,343,129
TOTAL EQUITY		889,343,129
LIABILITIES		
Current liabilities		
Trade and other payables		112
Current income tax payable	12	1,105,220
Total current liabilities		1,105,332
TOTAL LIABILITIES		1,105,332
TOTAL LIABILITIES AND EQUITY		890,448,461

Approved for issue and signed on 1 June 2022

Rahman Hajiyev
 Chairman of Executive Board



Ramil Aliyev
 Finance Department Head

Karabakh Revival Fund
Statement of Profit or Loss and Other Comprehensive Income

In Azerbaijani Manats	Note	2021
Income from donations	10	892,206,306
Finance income	11	9,198,829
Gross Profit		901,405,135
General, administrative and other operating expenses	12	(533,265)
Net impairment loss on financial assets	15	(10,351,326)
Operating profit		890,520,544
Finance cost		(448,700)
Profit before income tax		890,071,844
Income tax expense	13	(1,728,715)
PROFIT FOR THE YEAR		888,343,129
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		888,343,129

Approved for issue and signed on 1 June 2022


Rahman Hajiyev
Chairman of Executive Board




Ramil Aliyev
Finance Department Head

Karabakh Revival Fund
Statement of Changes of Equity

<i>In Azerbaijani Manats</i>	Charter capital	Retained earnings	Total equity
Balance at 1 January 2021	-	-	-
Capital contributions	1,000,000	-	1,000,000
Profit for the year	-	888,343,129	888,343,129
Total comprehensive income for 2021	-	888,343,129	888,343,129
Balance at 31 December 2021	1,000,000	888,343,129	889,343,129

Approved for issue and signed on 1 June 2022


Rahman Hajiyev
Chairman of Executive Board




Ramil Aliyev
Finance Department Head

Karabakh Revival Fund
Statement of Cash Flows

<i>In Azerbaijani Manats</i>	Note	2021
Cash flows from operating activities		
Profit before income tax		890,071,844
Adjustments for:		
Depreciation of property, plant and equipment and amortisation of intangible assets		11,901
Net impairment losses on financial assets	15	10,351,326
Contribution of property, plant, and equipment		(149,000)
Finance income	11	(9,198,829)
Finance cost		448,700
		891,535,942
Operating cash flows before working capital changes		(11,672)
Increase in inventories		(64,536)
Increase in prepayment		112
Increase in trade and other payables		(782)
		(76,878)
Changes in working capital		(623,495)
Income taxes paid		
		890,835,569
Cash flows from investing activities		
Purchases of property, plant and equipment		(201,839)
Acquisition of intangible assets		(62,707)
Investment in debt securities		(314,676,929)
Interest received		6,234,950
		(308,706,525)
Cash flows from financing activities		
Capital contributions		1,000,000
		1,000,000
Effect of exchange rate changes on cash and cash equivalents		(448,700)
Net impairment loss on cash and cash equivalents		(9,517,842)
		-
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	9	573,162,502

Approved for issue and signed on 1 June 2022

 Rahman Hajiyev
 Chairman of Executive Board



 Ramil Aliyev
 Finance Department Head