

HEAT SUPPLY IMPROVEMENT PROJECT

**CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO
GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG**

Financial statements
for the year ended December 31, 2024

and independent auditor's report

“HEAT SUPPLY IMPROVEMENT PROJECT”

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024	2
INDEPENDENT AUDITOR'S REPORT	3-4
PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024:	
Summary of funds received and expenditures paid	5-6
Summary of expenditures paid by project components	7
Notes to the project financial statements	8-19

"HEAT SUPPLY IMPROVEMENT PROJECT"

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO. 7374-KG

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

The following statement, which should be read in conjunction with the independent auditor's responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditor in relation to the project financial statements of the "Heat Supply Improvement Project", Credit No. 6146-KG, Grant No. D240-KG, "Heat Supply Improvement Project" additional financing, SECO Grant No. TF0B2457 and Credit No. 7374-KG (the "Project").

Management of the Project is responsible for the preparation of the project financial statements that present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2024 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

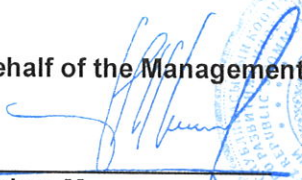
In preparing the project financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IPSAS and WB Guidelines have been followed, subject to any material departures disclosed and explained in the project financial statements; and
- preparing the project financial statements on the assumption that the Project will be implemented in accordance with the established period.

Management of the Project is also responsible for:

- designing, implementing and maintaining effective and sound system of internal control and for revealing risks in system of internal control;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the Project financial position, and which enable them to ensure that the project financial statements comply with IPSAS and WB Guidelines;
- compliance with laws and regulations of the Kyrgyz Republic, and the requirements of the operational manual of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- detecting and preventing fraud, error and other irregularities. The project financial statements for the year ended December 31, 2024 were approved and authorized for issue on June 9, 2025 by the management of the Project.

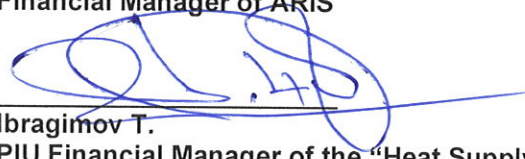
On behalf of the Management:


Naspekov M.
Executive Director of ARIS


Raimbekov U.
Director of ME Bishkekteploset

June 9, 2025
Bishkek, the Kyrgyz Republic


Stalbek uulu B.
Financial Manager of ARIS


Ibragimov T.
PIU Financial Manager of the "Heat Supply Improvement Project" ME Bishkekteploset

June 9, 2025
Bishkek, the Kyrgyz Republic

INDEPENDENT AUDITOR'S REPORT

To the Management of the "Heat Supply Improvement Project" and "Heat Supply Improvement Project" additional financing under the Community Development and Investment Agency (hereinafter - the "ARIS") and Municipal enterprise Bishkekteploset (hereinafter - the ME "BTS").

Report on the project financial statements

Opinion

We have audited the accompanying project financial statements of the "Heat Supply Improvement Project" and additional financing for "Heat Supply Improvement Project" (together - the "Project") which comprise the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2024, and a summary of significant accounting policies and other explanatory information (the "project financial statements").

In our opinion, the accompanying project financial statements present fairly, in all material respects, the summary of funds received and expenditures paid and the summary of expenditures paid by project components for the year ended December 31, 2024 in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (the "ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the project financial statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the project financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the project financial statements, which describe the basis of accounting. The project financial statements were prepared for complying with the appropriate World Bank Guidelines and Financing agreement requirements.

Other matter

The project financial statements are prepared to assist the Project to comply with the requirements of the World Bank. As a result, the project financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of the project financial statements in accordance with International Public Sector Accounting Standard "Financial Reporting Under the Cash Basis of Accounting" (the "IPSAS") issued by the International Public Accounting Standards Board of the International Federation of Accountants, and the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of the project financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the project financial statements

Our objectives are to obtain reasonable assurance about whether the project 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 the project 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 project 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 Project'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 Project'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 project 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 Project to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the project financial statements, including the disclosures, and whether the project 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.



Kubat Alymkulov

Certified accountant, FCCA (United Kingdom)
Individual auditor registration number 11152 dated
November 16, 2023.



Umet Daletbaev

Individual auditor registration number 18167 dated
December 26, 2023.

Registered in the Unified state register of auditors,
audit organizations, and professional audit
associations.
Audit Partner,
Director, Baker Tilly Bishkek LLC

Registered in the Unified state register of auditors,
audit organizations, and professional audit
associations.
Audit Partner

Baker Tilly Bishkek LLC is registered in the "Register of audit organizations admitted for audit of public Interest entities and large entrepreneurship entities" of the Unified state register of auditors, audit organizations, professional audit associations. Individual registration number 2101510 dated August 9, 2023

June 9, 2025
Bishkek, the Kyrgyz Republic

“HEAT SUPPLY IMPROVEMENT PROJECT”

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG

SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID

FOR THE YEAR ENDED DECEMBER 31, 2024

(in US dollars)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Opening balance	4			
ARIS		471,674	905,100	-
BTS		<u>1,465,570</u>	<u>1,994,090</u>	<u>-</u>
Funds received	5			
ARIS:				
Grant No. D240-KG		623,526	4,478,515	9,365,669
Credit No. 6146-KG		-	-	-
SECO Grant No. TF0B2457		276,915	1,290,063	2,661,000
BTS:				
Grant No. D240-KG		-	2,075,711	7,717,753
Credit No. 6146-KG		3,605,280	14,749,415	20,917,243
Credit No. 7374-KG		<u>1,494,125</u>	<u>-</u>	<u>1,494,125</u>
Total funds received		<u>5,999,846</u>	<u>22,593,704</u>	<u>42,155,790</u>
Other income	6			
ARIS		10,780	14,598	92,462
BTS		<u>31,523</u>	<u>30,606</u>	<u>77,902</u>
Total receipts		<u>6,042,149</u>	<u>22,638,908</u>	<u>42,326,154</u>
Expenses	7			
(1) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component A of the Project		5,725,733	17,376,014	29,322,162
(2) Goods, works, non-consulting services, consulting services, training and incremental operating costs under Component B of the Project		<u>1,315,686</u>	<u>6,190,820</u>	<u>11,984,816</u>
Total expenses		<u>7,041,419</u>	<u>23,566,834</u>	<u>41,306,978</u>

“HEAT SUPPLY IMPROVEMENT PROJECT”

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG

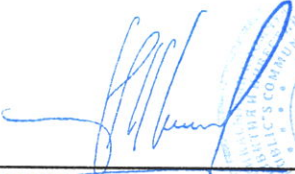
SUMMARY OF FUNDS RECEIVED AND EXPENDITURES PAID (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

(in US dollars)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Other expenses	8			
ARIS		14,601	25,782	81,707
BTS		<u>30,519</u>	<u>8,238</u>	<u>44,615</u>
Closing balance	4			
ARIS		52,608	471,674	52,608
BTS		<u>840,246</u>	<u>1,465,570</u>	<u>840,246</u>

On behalf of the Management:


Naspekov M.
 Executive Director of ARIS


Stalbek uulu B.
 Financial Manager of ARIS


Raimbekov U.
 Director of ME Bishkekteploset


Ibragimov T.
 PIU Financial Manager of the of the “Heat Supply
 Improvement Project” ME Bishkekteploset

June 9, 2025
 Bishkek, the Kyrgyz Republic

June 9, 2025
 Bishkek, the Kyrgyz Republic

The notes on pages 9-19 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.

"HEAT SUPPLY IMPROVEMENT PROJECT"

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG

SUMMARY OF EXPENDITURES PAID BY PROJECT COMPONENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in US dollars)

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Component A: Improving supply efficiency and quality of the district heating system in Bishkek	5,725,733	17,376,014	29,322,162
Component B: Demonstrating the benefits of energy efficiency improvements in public buildings	1,315,686	6,190,820	11,984,816
	<u>7,041,419</u>	<u>23,566,834</u>	<u>41,306,978</u>

On behalf of the Management:


Naspekov M.
Executive Director of ARIS




Stalbek uulu B.
Financial Manager of ARIS




Raimbekov U.
Director of ME Bishkekteploset

June 9, 2025
 Bishkek, the Kyrgyz Republic


Ibragimov T.
PIU Financial Manager of the "Heat Supply Improvement Project" ME Bishkekteploset

June 9, 2025
 Bishkek, the Kyrgyz Republic

The notes on pages 9-19 form an integral part of the project financial statements. The independent auditor's report is on pages 3-4.

“HEAT SUPPLY IMPROVEMENT PROJECT”

CREDIT NO. 6146-KG, GRANT NO. D240-KG, SECO GRANT NO. TF0B2457, CREDIT IDA NO.7374-KG

NOTES TO THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 *(in US dollars)*

1. GENERAL INFORMATION

According to the Financing Agreement between the Kyrgyz Republic and International Development Association (the “IDA”) dated January 26, 2018, the IDA provided a Grant No. D240-KG in the amount of 16,300,000 Special Drawing Rights (the “SDR”) and a Credit No. 6146-KG in the amount of 16,300,000 SDR to the Kyrgyz Republic. According to the Grant Agreement between the Kyrgyz Republic and International Bank for Reconstruction and Development and International Development Association (the “Bank”) acting as an implementing agency of the Multi-Donor Trust Fund (the “MDTF”) dated June 10, 2020, the Bank provided a SECO Grant No. TF0B2457 in the amount of 2,661,000 US dollars to the Kyrgyz Republic. According to the letter received by the Ministry of Finance of the Kyrgyz Republic from the World Bank dated June 10, 2020, the structure of the Project’s components has been revised, as presented in the “Project Purpose” paragraph. Also, according to the letter from the World Bank dated December 12, 2019, the approved amount of Grant No. D240-KG for the Project’s Component B was reduced by the amount of SDR 3,621,142. As a result, the total approved amount of financing from Grant No. D240-KG established at 12,678,858 SDR.

According to the Financing Agreement between the Kyrgyz Republic and the International Development Association dated September 8, 2023, the Bank provided Credit No. 7374-KG in the amount of 6,900,000 US dollars to the Kyrgyz Republic. According to the letter from the World Bank dated October 22, 2024, the approved amount of Credit No. 7374-KG was reduced by 2,250,000 US dollars. As a result, the total approved amount of financing under this credit was established at 4,650,000 US dollars.

Credits and Grants were provided to implement Heat Supply Improvement Project and additional financing for Heat Supply Improvement Project.

Project purpose

The objective of the Project is to improve the efficiency and quality of heating in selected Project areas.

The Project comprises the following components (as updated by the World Bank’s letter dated 10 June 2020):

Component A: Improving supply efficiency and quality of the district heating system in Bishkek

1. Providing support to BTS for the preparation and implementation of a priority investment program for district heating rehabilitation, including:

(i) modernization of individual (building-level) heat substations, including:

(a) installation of new individual heat substations in selected buildings;

(b) reparation and upgrade of existing heat substations in selected buildings;

(c) installation of building-level heat and hot water meters; and

(d) installation of a preventive maintenance information system.

(ii) replacement and/or reconstruction of selected sections along the Vostok Transmission Network.

2. Providing support to BTS:

(i) to strengthen its technical, operational, fiduciary, customer orientation and corporate resource management functions; and

(ii) to strengthen its capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods and consultants’ services, as well as financing of training and operating costs.

Component B: Demonstrating the benefits of energy efficiency improvements in public buildings

1. Supporting energy efficiency investments in selected public buildings through:

(i) preparing and implementing energy efficiency and seismic investment measures in selected public buildings;

(ii) strengthening capacity building and raising public awareness on energy efficiency, through provision of technical assistance, training and awareness campaigns targeting local service providers, public entities, Project beneficiaries and other stakeholders.

2. Strengthening ARIS' capacity for Project management and implementation, including Project monitoring, evaluation and audits, through provision of goods, non-consulting services and consultants' services, as well as financing of training and operating costs.

Project implementation

The project is implemented by the Executive Agencies of ME BTS and ARIS.

The financial agreement for Grant No. D240-KG and Credit No. 6146-KG is effective from April 25, 2019 to December 31, 2023. The Grant Agreement SECO No. TF0B2457 is effective from November 25, 2020 to June 30, 2023. According to the letter from the World Bank dated October 22, 2024, the Financing Agreement for Grant No. D240-KG, Credit No. 6146-KG and Credit No. 7374-KG was extended until October 31, 2025. According to the letter from the World Bank dated February 20, 2024, the Grant Agreement SECO No. TF0B2457 was extended until December 31, 2024.

2. PRESENTATION OF THE PROJECT FINANCIAL STATEMENTS

Basis of preparation

The project financial statements have been prepared in accordance with the International Public Sector Accounting Standard (the "IPSAS") "Financial Reporting under the Cash Basis of Accounting" issued by the Public Sector Committee of the International Federation of Accountants, and incorporate the following principal accounting policies, which have been consistently followed in all material respects and comply with the World Bank's Financial Management Sector Board's "Guidelines: Annual Financial Reporting and Auditing for World Bank Financed Activities" (the "WB Guidelines").

Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received or provided.

The Project's approved budget disclosed by categories of expenses is not publicly available and as such comparison of budget and actual amounts is not presented.

The project financial statements consist of:

- Summary of funds received and expenditures paid;
- Summary of expenditures paid by project components;
- Notes to the project financial statements, including short description of main statements of accounting policy and other descriptive notes.

The reporting currency of the project financial statements is US dollars (the "USD").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash basis of accounting

The project financial statements are prepared on a cash basis of accounting. The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid. The project financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the project financial statements is balances of cash and changes therein.

Foreign currency

Operations in foreign currency initially are counted in functional currency using the currency exchange rate settled by the commercial bank on a date of operation.

Funds received are translated into US dollars at official exchange rate of Special Drawing Rights (the "SDR") at the date of funds receipt.

All payments made in local currency are translated into US dollars at the official exchange rate defined by the serving commercial bank at the date of transaction.

Monetary assets and liabilities expressed in foreign currency are converted to functional currency at official exchange rate on a date settled by the commercial bank.

All exchange differences arising from the redemption or revaluation of monetary items are included in the summary of funds received and expenditures paid.

Cash and cash equivalents

Cash and cash equivalents include cash on hand in banks, which can be converted to the corresponding amount of cash in the short term.

Taxes

Calculation and payment of personal income tax and social security contributions from income of staff and consultants for the Social Fund of the Kyrgyz Republic is made in accordance with the requirements and rates of the Tax Code of the Kyrgyz Republic and relevant legislation of the Kyrgyz Republic.

Project expenses

The expenses are recorded in the period when they were actually paid.

Sources of funds

Financing is provided to the Project by the International Development Association under the agreements under Grant No. D240-KG, Credit No. 6164-KG and Credit No. 7374-KG and the International Bank for Reconstruction and Development, and the International Development Association jointly under the agreement under SECO Grant No. TF0B2457 by providing an initial advance payment, direct payments and replenishing a specially designated account.

Other income

Other income represents interest income accrued by the serving commercial bank on the outstanding balances of cash on designated account.

Other expenses

Other expenses comprise payments for bank services for interest and return of interest income to the Ministry of Finance of the Kyrgyz Republic.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2024 and 2023 are presented as follows:

	Account holder	Source of financing	Currency	December 31, 2024	December 31, 2023
Designated account	ARIS	Grant No. D240-KG	US dollar	41,853	456,160
Designated account	BTS	Grant No. D240-KG	US dollar	432,090	946,576
Designated account	ARIS	SECO Grant No. TF0B2457	US dollar	-	939
Designated account	BTS	Credit No. 6146-KG	US dollar	374,868	486,709
Interest account	ARIS	Other	US dollar	10,756	14,575
Interest account	BTS	Other	US dollar	29,672	28,670
Tender account	ARIS	Other	US dollar	-	-
Tender account	BTS	Other	US dollar	3,615	3,615
				<u>892,854</u>	<u>1,937,244</u>

5. FUNDS RECEIVED

The funds received are presented by the following methods and sources of financing:

For the year ended December 31, 2024

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Credit No. 7374-KG	Total
Advance / Initial deposit	-	-	-	-	-	-	-
Direct payment	-	-	-	-	2,623,150	1,494,125	4,117,275
Replenishment of designated account	<u>623,526</u>	<u>-</u>	<u>276,915</u>	<u>-</u>	<u>982,130</u>	<u>-</u>	<u>1,882,571</u>
	<u>623,526</u>	<u>-</u>	<u>276,915</u>	<u>-</u>	<u>3,605,280</u>	<u>1,494,125</u>	<u>5,999,846</u>

In 2024, funds totalling 276,945 US dollars were received in the Project's settlement account. However, during the reporting process, an adjustment of 30 US dollars was made due to the following circumstances:

In 2022, when one of the international payments was received, the fee was 60 US dollars due to the fee being charged twice.

With this adjustment, the 2024 financial statements reflect an income of 276,915 US dollars.

For the year ended December 31, 2023:

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Credit No. 7374-KG	Total
Advance / Initial deposit	-	-	-	-	-	-	-
Direct payment		-	-	1,113,468	13,843,387	-	14,956,855
Replenishment of designated account	4,478,515	-	1,290,063	962,243	906,028	-	7,636,849
	<u>4,478,515</u>	<u>-</u>	<u>1,290,063</u>	<u>2,075,711</u>	<u>14,749,415</u>	<u>-</u>	<u>22,593,704</u>

Cumulative:

	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Credit No. 7374-KG	Total
Advance / Initial deposit	1,000,000	-	500,000	1,000,000	1,000,000	-	3,500,000
Direct payment	-	-	-	3,873,115	18,029,085	1,494,125	23,396,325
Replenishment of designated account	8,365,669	-	2,161,000	2,844,638	1,888,158	-	15,259,465
	<u>9,365,669</u>	<u>-</u>	<u>2,661,000</u>	<u>7,717,753</u>	<u>20,917,243</u>	<u>1,494,125</u>	<u>42,155,790</u>

6. OTHER INCOME

Other income is presented as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Interest income:			
ARIS	10,780	14,598	92,462
BTS	<u>31,523</u>	<u>30,606</u>	<u>77,902</u>
	<u>42,303</u>	<u>45,204</u>	<u>170,364</u>

7. EXPENSES

Breakdowns of the Project expenses by categories, nature and sources of financing are presented as follows:

For the year ended December 31, 2024							Total
	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Credit No. 7374-KG	
Works	618,612	-	275,285	301,380	3,234,970	1,494,125	5,924,372
Consulting services	200,955	-	-	119,084	159,665	-	479,704
Operating costs		-				-	-
Payroll and related taxes	139,237	-	1,952	80,733	-	-	221,922
Expenses for office	20,836	-	-	477	40	-	21,353
Transport	12,405	-	580	15	-	-	13,000
Travel expenses	10,006	-	40	-	-	-	10,046
Withholding VAT by the tax agent	-	-	-	12,797	-	-	12,797
Communication	2,266	-	-	-	-	-	2,266
Expenses for computer equipment	986	-	-	-	-	-	986
Audit	19,836	-	-	-	-	-	19,836
Training	12,690	-	-	-	-	-	12,690
Goods	-	-	-	-	322,447	-	322,447
	<u>1,037,829</u>	<u>-</u>	<u>277,857</u>	<u>514,486</u>	<u>3,717,122</u>	<u>1,494,125</u>	<u>7,041,419</u>

For the year ended December 31, 2023							Total
	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	BTS Credit No. 6146-KG	Credit No. 7374-KG	
Works	4,308,826	-	1,316,187	-	9,194,234	-	14,819,247
Consulting services	78,832	-	159,400	51,743	216,313	-	506,288
Operating costs		-				-	-
Payroll and related taxes	86,445	-	76,822	43,355	-	-	206,622
Expenses for office	18,062	-	11,340	926	-	-	30,328
Travel expenses	13,233	-	5,438	-	-	-	18,671
Transport expenses	9,616	-	4,502	2,085	-	-	16,203
Withholding VAT by the tax agent	-	-	-	9,616	-	-	9,616
Communication	2,530	-	1,646	-	-	-	4,176
Expenses for computer equipment	208	-	966	-	-	-	1,174
Audit	(2,246)	-	2,246	-	-	-	-
Training	32,856	-	14,336	13,396	-	-	60,588
Goods	32,743	-	16,832	1,992,217	5,852,129	-	7,893,921
	<u>4,581,105</u>	<u>-</u>	<u>1,609,715</u>	<u>2,113,338</u>	<u>15,262,676</u>	<u>-</u>	<u>23,566,834</u>

	Cumulative						Total
	Grant No. D240-KG	ARIS Credit No. 6146-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	Credit No. 6146-KG	Credit No. 7374-KG	
Works	7,410,788	-	2,211,869	301,380	12,429,204	1,494,125	23,847,366
Consulting services	1,065,893	-	282,106	388,031	375,978	-	2,112,008
Operating costs:	-	-	-	-	-	-	-
Payroll and related taxes	564,499	-	96,680	276,989	-	-	938,168
Expenses for office	65,086	-	12,450	11,366	40	-	88,942
Travel expenses	36,414	-	6,490	-	-	-	42,904
Transport	33,822	-	5,503	3,585	-	-	42,910
Expenses for computer equipment	5,826	-	10,255	-	30	-	16,111
Communication	12,575	-	2,063	2,561	-	-	17,199
Withholding VAT by the tax agent	-	-	-	22,413	-	-	22,413
Public utilities	706	-	-	-	-	-	706
Audit	17,590	-	2,246	-	-	-	19,836
Training	56,277	-	14,358	42,485	-	-	113,120
Goods	54,340	-	16,980	6,236,851	7,737,124	-	14,045,295
	<u>9,323,816</u>	<u>-</u>	<u>2,661,000</u>	<u>7,285,661</u>	<u>20,542,376</u>	<u>1,494,125</u>	<u>41,306,978</u>

8. OTHER EXPENSES

Other expenses are presented as follows:

	For the year ended December 31, 2024	For the year ended December 31, 2023	Cumulative
Return of interest income to the Ministry of Finance of the Kyrgyz Republic (ARIS)	14,574	25,759	81,508
Bank services:			
BTS	30,519	8,238	44,615
ARIS	<u>27</u>	<u>23</u>	<u>199</u>
	<u>45,120</u>	<u>34,020</u>	<u>126,322</u>

9. FINANCIAL POSITION

Financial position as at December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
ASSETS AND EXPENDITURES		
Cash and cash equivalents:		
ARIS	52,608	471,674
BTS	840,246	1,465,570
Cumulative expenses:		
ARIS	11,984,816	10,669,130
BTS	29,322,162	23,596,429
Other expenses:		
ARIS	81,707	67,106
BTS	44,615	14,095
TOTAL ASSETS AND EXPENDITURES	42,326,154	36,284,004
FINANCING		
Funds received:		
ARIS	12,026,669	11,126,228
BTS	30,129,121	25,029,717
Other income:		
ARIS	92,462	81,681
BTS	77,902	46,378
TOTAL FINANCING	42,326,154	36,284,004

10. WITHDRAWAL APPLICATIONS

Withdrawal applications for the year ended December 31, 2024 are presented as follows:

Grant No. D240-KG

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
30	February 8, 2024	ARIS	-	623,526	623,526
			-	623,526	623,526

SECO Grant No. TF0B2457

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
31	March 12, 2024	ARIS	-	276,945	276,945
			-	276,945	276,945

Credit No. 6146-KG

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
30C	February 22, 2024	BTS	-	594,239	594,239
31C	May 13, 2024	BTS	2,307,549	-	2,307,549
32C	May 15, 2024	BTS	315,601	-	315,601
33C	November 25, 2024	BTS	-	387,891	387,891
			<u>2,623,150</u>	<u>982,130</u>	<u>3,605,280</u>

Credit No. 7374-KG

Application	Date	Recipient	Direct payment	Replenishment of designated account	Total
ADD/HSIP/01C	June 28, 2024	BTS	728,415	-	728,415
ADD/HSIP/02C	July 23, 2024	BTS	271,902	-	271,902
ADD/HSIP/03C	September 5, 2024	BTS	271,099	-	271,099
ADD/HSIP/05C	September 17, 2024	BTS	222,709	-	222,709
			<u>1,494,125</u>	<u>-</u>	<u>1,494,125</u>

11. STATEMENT OF DESIGNATED ACCOUNT

Statement of designated account for the years ended December 31, 2024 and 2023 is presented as follows:

Source of financing	Grant No. D240-KG	SECO Grant No. TF0B2457	Grant No. D240-KG	Credit No. 6146-KG	Total
Bank	OJSC Eldik Bank		OJSC Aiy Bank		
Account holder	ARIS		BTS		
Bank account	1299003250029172	1299003250035034	1350108038000313	1350108031058850	
Currency	US dollar	US dollar	US dollar	US dollar	
Bank's location	80/1 Moskovskaya str., Bishkek, the Kyrgyz Republic		114/2 Kievskaya str., Bishkek, the Kyrgyz Republic		
Balance as at December 31, 2022	558,747	320,594	984,205	999,970	2,863,516
Initial deposit	-	-	-	-	-
Replenishment	4,478,515	1,290,063	962,243	906,028	7,636,849
Total funds received	4,478,515	1,290,063	962,243	906,028	7,636,849
Expenses paid	270	120	358,998	833,716	1,193,104
Transfer to transit account	4,580,832	1,609,598	640,874	585,573	7,416,877
Balance as at December 31, 2023	456,160	939	946,576	486,709	1,890,384
Initial deposit	-	-	-	-	-
Replenishment	623,526	276,915	-	982,130	1,882,571
Total funds received	623,526	276,915	-	982,130	1,882,571
Expenses paid	30	-	95,980	722,515	818,525
Transfer to transit account	1,037,803	277,854	418,506	371,456	2,105,619
Balance as at December 31, 2024	41,853	-	432,090	374,868	848,811

12. UNDRAWN FUNDS

Undrawn funds December 31,2024 and during the period from April 25, 2019 to December 31,2023 are as follows:

	Grant No. D240-KG in SDR	Credit No. 6146-KG in SDR	SECO Grant No. TF0B2457 in US dollars	Credit No. 7374-KG in US dollars
Approved amount of financing	12,678,858	16,300,000	2,661,000	4,650,000
Disbursed during the period from April 25, 2019 to December 31, 2023	12,208,720	12,969,553	2,384,055	-
Disbursed during the year ended December 31, 2024	470,138	2,729,089	276,945	1,494,125
Undrawn amount of financing as at December 31, 2024	-	601,358	-	3,155,875

13. COMMITMENTS

In the normal course of activities, the Project concludes agreements with suppliers of goods and services in accordance with the established budget and procurement plan.

Commitments as at December 31, 2024 and 2023 are presented as follows:

Counterparty	Contract No.	Cost per Contract (in CCY)	Contract CCY	Paid up to December 31, 2024 (in CCY)	Remaining amount to be paid (in CCY)
ARIS					
LLC Ak Tulpar	IDA-HSIP-NCB-2022-2-RT/1	164,463,149	Kyrgyz som	155,680,892	4,004,779
LLC Construction company Sher Kurulush	IDA/SECO-HSIP-NCB-2022-3/1	83,074,618	Kyrgyz som	75,389,622	3,967,875
LLC Ilek Story group and LLC Beishembay Kurulush Consortium	IDA/SECO-HSIP-NCB-2022-4-RT/1	61,935,195	Kyrgyz som	56,095,989	1,439,989
LLC Construction company Sher Kurulush	IDA/SECO-HSIP-NCB-2022-3/2	57,557,256	Kyrgyz som	55,795,581	1,490,256
LLC Ilek Story group and LLC Beishembay Kurulush Consortium	IDA/SECO-HSIP-NCB-2023-1/2	54,390,990	Kyrgyz som	51,335,898	1,317,903
LLC Kyrgyz Specstroy and CJSC Montazhnik and LLC Bektur Kelechek Consortium	IDA/SECO-HSIP-NCB-2022-9/1	34,651,904	Kyrgyz som	33,208,290	793,465
LLC PGS-VEK	IDA/SECO-HSIP-NCB-2022-9/2	34,518,955	Kyrgyz som	33,644,280	862,674
AC Consulting and PF "Center for Development of Rural Municipalities" Consortium	IDA-HSIP-SSS-2024-2	1,586,104	Kyrgyz som	317,221	1,268,883
Municipal enterprise BTS					
China Road and Bridge Corporation in Kyrgyzstan	№ IDA/HSIP/ICB/W/2022	550,607,251	Kyrgyz som	422,582,420	128,024,831
Amarc DHS S.r.l.	№ IDA-HSIP-ICB-HHMU/1-2020	5,727,545	Euro	4,897,751	829,794
Association Urban Technology Alliance	№ IDA-HSIP-CQS-2022	260,996	US dollar	222,100	38,895
Seureca Veolia	№ KG-BTS-346450-CS-CDS	36,111	US dollar	23,333	12,778

14. LEGAL CASES

There were no any legal claims related to the Project.

15. EVENTS AFTER THE REPORTING DATE

During 2025 until the date of issue of these project financial statements, the IDA provided financing to the Project as follows:

Credit No. 7374-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
35	January 9, 2025	ARIS	100,000	-	-	100,000
ADD/HSIP/06C	March 18, 2025	BTS	-	288,639	-	288,639
ADD/HSIP/07C	March 28, 2025	BTS	500,000	-	-	500,000
			<u>600,000</u>	<u>288,639</u>	<u>-</u>	<u>888,639</u>

Credit No. 6146-KG

Application	Date	Recipient	Initial deposit	Direct payment	Replenishment of designated account	Total
34C	April 4, 2025	BTS	-	-	805,633	805,633
			<u>-</u>	<u>-</u>	<u>805,633</u>	<u>805,633</u>

According to a letter from the World Bank dated February 25, 2025, the approved amount under Loan No. 7374-KG was reduced by 1,200,000 US dollars. As a result, the total approved amount of financing under this credit amounted to 3,450,000 US dollars.

As at the date of issue of the project financial statements no other significant events or transactions occurred which should be disclosed in the project financial statements other than those described above.

Baker Tilly Bishkek Audit LLC trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

© 2025 Baker Tilly



Contact us

103, Ibraimov str., BC "Victory",
7th floor, Bishkek, 720011,
Kyrgyz Republic

www.bakertilly-ca.com