

«PYUNIK FC»

Non-Governmental Organization

FINANCIAL STATEMENTS

For the year ended December 31, 2018

Contents

Independent auditor's report	3
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in net assets	7
Statement of cash flow	8
Notes to the financial statements	9

INDEPENDENT AUDITOR'S REPORT

To the Assembly of «Pyunik FC» NGO

Opinion

We have audited the financial statements of «Pyunik FC» Non-Governmental Organization (the "Organization"), which comprise the statement of financial position as of 31 December 2018, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as of 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Organization 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 financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 skepticism 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 Organization'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 Organization'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 Organization 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.

Hayk Margaryan
Managing Partner



«Trust Audit» CJSC

05 April, 2019

Trust Audit CJSC is a member of JPA INTERNATIONAL
Trust Audit CJSC | Tel: +374(10) 516111
321 office, 8 str. Tumanyan | Email: info@trustaudit.am
0001 Yerevan, Armenia | www.trustaudit.am

Ruzanna Badalyan
Auditor

«Pyunik FC» Non-Governmental Organization

Statement of financial position

For the year ended December 31, 2018

In thousand drams	Note	As of December 31, 2018	As of December 31, 2017
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	24,362	27,571
Other receivables	5	76,954	8,095
Borrowings	6	581,462	1,321,300
Inventory	7	12,451	366
Total current assets		695,229	1,357,332
<i>Non-current assets</i>			
Property and equipment	8	308,590	191,942
Intangible assets		2	-
Total non-current assets		308,592	191,942
TOTAL ASSETS		1,003,821	1,549,274
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Grants related to income	9	-	1,012
Loan and borrowings	10	11,500	-
Other payables		2,185	1,060
Total current liabilities		13,685	2,072
<i>Non-current liabilities</i>			
Grants related to assets	9	168,868	191,195
Loan and borrowings	10	-	46,231
Total non-currents liabilities		168,868	237,426
<i>Net assets</i>			
Accumulated profit		821,268	1,309,776
Total net assets		821,268	1,309,776
TOTAL LIABILITIES AND NET ASSETS		1,003,821	1,549,274

The financial statements were approved on April 5, 2019 by:



 Tigran Martirosyan
 Director





 Nvard Karapetyan
 Financial Officer

The Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 23.

«Pyunik FC» Non-Governmental Organization
Statement of comprehensive income
For the year ended December 31, 2018

In thousand drams	Note	Year ended 31 December 2018	Year ended 31 December 2017
<i>Revenue</i>			
Broadcast permissions		15,751	-
Total revenue		15,751	-
<i>Income</i>			
Income from sponsorship and advertising		-	137,725
Income from solidarity payments of players		24,473	-
Income from UEFA solidarity payments		449,688	23,222
Other income	11	232,097	46,256
Total income		706,258	207,203
<i>Expenses</i>			
Players benefits and other income		(414,403)	(71,993)
Employees benefits		(36,643)	(23,737)
Depreciation and amortization		(24,317)	(22,841)
Hotel expenses		(208,330)	(40,037)
Air tickets expenses		(102,752)	(21,746)
The costs of the coaches and other services		(229,323)	(59,349)
The costs of training, clothing and other accessories		(43,348)	(39,802)
Entrance fees for participation		(5,240)	(5,000)
Expenses for statistical reporting		(6,422)	(5,202)
Other operating expenses	12	(124,405)	(13,159)
Total expenses		(1,195,183)	(302,866)
Operating loss		(473,174)	(95,663)
<i>Acquiring/ transferring players' registrations</i>			
Expenses from acquiring players' registrations		-	(1,620)
Income from transfer of players' registrations		2,020	255
Total acquiring/ transferring players' registrations		2,020	(1,365)
Gain on disposal of fixed assets		3,074	-
Total gain from fixed assets		3,074	-
Finance income	13	-	14,502
Finance cost	13	(11,779)	(2,676)
Foreign currency exchange gain/(loss), net	14	(8,649)	24,310
Results from other financial items		(20,428)	36,136
Loss before taxes		(488,508)	(60,892)
Loss for the year		(488,508)	(60,892)
<i>Other comprehensive income</i>			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(488,508)	(60,892)

The Statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 23.

«Pyunik FC» Non-Governmental Organization
Statement of changes in net assets
For the year ended December 31, 2018

In thousand drams	Accumulated profit	Total
As of 1 January 2017	1,370,668	1,370,668
Loss for the year	(60,892)	(60,892)
Total comprehensive income for the year	(60,892)	(60,892)
As of 31 December 2017	1,309,776	1,309,776
Loss for the year	(488,508)	(488,508)
Total comprehensive income for the year	(488,508)	(488,508)
As of 31 December 2018	821,268	821,268

The statement of changes in net assets is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 23.

Statement of cash flow

For the year ended December 31, 2018

In thousand drams	Year ended 31 December 2018	Year ended 31 December 2017
<i>Cash flow from operating activities</i>		
Cash received gratuitously	440,474	23,363
Cash inflow from solidarity payments of the players	-	348,944
Cash inflow from UEFA solidarity payments	24,280	23,072
Cash inflow from grants	259,212	24,660
Cash inflow from services	15,591	-
Cash inflow from coaching and training	2,020	-
Repayment of provided cash on hand	2,555	-
Other receipts from operating activities	3,386	91
Amounts gratuitously provided to beneficiaries	(502,690)	-
Payments to suppliers	(642,779)	(180,252)
Payments to and on behalf of employees	(53,078)	(94,770)
Payments to the State budget	(4,105)	(4,373)
The arbiter, a yellow card and participation fee	(11,228)	(5,790)
Other payments	(31,808)	(1,760)
Net cash from/(used in) operating activities	(498,170)	133,185
<i>Cash flows from investing activities</i>		
Cash inflow on disposal of players' registrations	-	255
Cash outflow from acquisition of players' registrations	(2,960)	(1,620)
Acquisition of property and equipment	(141,140)	(1,142)
Proceeds from disposal of property and equipment	3,160	-
Cash outflow from provided borrowings to the related parties	(239,400)	-
Cash outflow from borrowings	-	(312,000)
Cash inflow from the redemption of the related parties' borrowings	865,538	20,000
Net cash from/(used in) investing activities	485,198	(294,507)
<i>Cash flows from financing activities</i>		
Proceeds from loans and borrowings	18,900	166,612
Repayment of loans and borrowings	(7,400)	-
Net cash from/(used in) financing activities	11,500	166,612
Net increase/(decrease) in cash and bank balances	(1,472)	5,290
Cash and bank balances at the beginning of the year	27,571	20,820
Foreign exchange effect on cash	(1,737)	1,461
Cash and bank balances at the end of the year	24,362	27,571

The Statement of Cash Flow is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 23.