

«PYUNIK FC»

Non-Governmental Organization

FINANCIAL STATEMENTS

For the year ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the management 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 2019, 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 2019, 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 Company'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 Company'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 Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

«Trust Audit» CJSC
Director Hayk Margaryan



April 16, 2020
Yerevan

Audit manager
Armen Azizyan

«Pyunik FC» Non-Governmental Organization

Statement of financial position

As at December 31, 2019

In thousand drams	Note	As of December 31, 2019	As of December 31, 2018
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	9,131	24,362
Other receivables	5	187,946	76,954
Borrowings	6	62,868	581,462
Inventory	7	23,349	12,451
Total current assets		283,294	695,229
<i>Non-current assets</i>			
Property and equipment	8	357,527	308,590
Intangible assets		-	2
Total non-current assets		357,527	308,592
TOTAL ASSETS		640,821	1,003,821
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Loans and borrowings	9	793,224	11,500
Leases	10	16,515	-
Other payables		4,804	2,185
Total current liabilities		814,543	13,685
<i>Non-current liabilities</i>			
Grants related to assets	11	183,055	168,868
Leases	10	16,853	-
Total non-current liabilities		199,908	168,868
<i>Net assets</i>			
Accumulated profit		(373,630)	821,268
Total net assets		(373,630)	821,268
TOTAL LIABILITIES AND NET ASSETS		640,821	1,003,821

The financial statements were approved on April 16, 2020 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 25.

«Pyunik FC» Non-Governmental Organization

Statement of comprehensive income

For the year ended December 31, 2019

In thousand drams	Note	Year ended December 31, 2019	Year ended December 31, 2018
<i>Revenue</i>			
Broadcast permissions		24,702	15,751
Training services		5,535	-
Advertising services		18,150	-
Ticket sales		2,308	-
Total revenue		50,695	15,751
<i>Income</i>			
Income from solidarity payments of players		185,553	24,473
Income from UEFA solidarity payments		437,776	449,688
Other operating income	12	171,537	232,097
Total income		794,866	706,258
<i>Expenses</i>			
Players benefits and other income		(756,377)	(414,403)
Employees benefits		(82,387)	(36,643)
Depreciation and amortization		(70,012)	(24,317)
Hotel expenses		(179,901)	(208,330)
Air tickets expenses		(166,008)	(102,752)
The costs of the coaches and other services		(277,626)	(229,323)
The costs of training, clothing and other accessories		(160,756)	(43,348)
Entrance fees for participation		(6,000)	(5,240)
Expenses for statistical reporting		(5,448)	(6,422)
Other operating expenses	13	(305,484)	(124,405)
Total expenses		(2,009,999)	(1,195,183)
Operating loss		(1,164,438)	(473,174)
<i>Transferring players' registrations</i>			
Income from transfer of players' registrations		22,731	2,020
Total transferring players' registrations		22,731	2,020
Gain on disposal of fixed assets		-	3,074
Total gain from fixed assets		-	3,074
Finance cost	14	(28,077)	(11,779)
Foreign currency exchange loss, net	15	(25,114)	(8,649)
Results from other financial items		(53,191)	(20,428)
Loss before taxes		(1,194,898)	(488,508)
Loss for the year		(1,194,898)	(488,508)
<i>Other comprehensive income</i>			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,194,898)	(488,508)

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 25.

«Pyunik FC» Non-Governmental Organization
Statement of changes in net assets
For the year ended December 31, 2019

In thousand drams	Accumulated profit	Total
As of January 01, 2018	1,309,776	1,309,776
Loss for the year	(488,508)	(488,508)
Other comprehensive income	-	-
Total comprehensive income for the year	(488,508)	(488,508)
As of December 31, 2018	821,268	821,268
Loss for the year	(1,194,898)	(1,194,898)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,194,898)	(1,194,898)
As of December 31, 2019	(373,630)	(373,630)

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 25.

«Pyunik FC» Non-Governmental Organization

Statement of cash flows

For the year ended December 31, 2019

In thousand drams	Year ended December 31, 2019	Year ended December 31, 2018
<i>Cash flow from operating activities</i>		
Cash received gratuitously	414,799	440,474
Cash inflow from solidarity payments of the players	93,066	-
Cash inflow from UEFA solidarity payments	22,387	24,280
Cash inflow from grants	121,339	259,212
Cash inflow from services	44,406	15,591
Cash inflow from coaching and training	3,345	2,020
Repayment of provided cash on hand	1,120	2,555
Other receipts from operating activities	34,210	3,386
Amounts gratuitously provided to beneficiaries	(886,642)	(502,690)
Payments to suppliers	(950,081)	(642,779)
Payments to and on behalf of employees	(104,741)	(53,078)
Payments to the State budget	(25,338)	(4,105)
The arbiter, a yellow card and participation fee	(15,238)	(11,228)
Other payments	(32,421)	(31,808)
Net cash used in operating activities	(1,279,789)	(498,170)
<i>Cash flows from investing activities</i>		
Cash inflow on disposal of players' registrations	19,536	-
Cash outflow from acquisition of players' registrations	(7,082)	(2,960)
Acquisition of property and equipment	(8,661)	(141,140)
Proceeds from disposal of property and equipment	-	3,160
Cash outflow from provided borrowings to the related parties	(206,000)	(239,400)
Cash outflow from borrowings	(19,000)	-
Cash inflow from the redemption of the related parties' borrowings	588,462	865,538
Net cash from investing activities	367,255	485,198
<i>Cash flows from financing activities</i>		
Proceeds from loans and borrowings	2,244,326	18,900
Repayment of loans and borrowings	(1,345,978)	(7,400)
Net cash from financing activities	898,348	11,500
Net decrease in cash and bank balances	(14,186)	(1,472)
Cash and bank balances at the beginning of the year	24,362	27,571
Foreign exchange effect on cash	(1,045)	(1,737)
Cash and bank balances at the end of the year	9,131	24,362

The Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 25.