

**“FOOTBALL CLUB URARTU” Sporting
Non-Governmental Organization**

FINANCIAL STATEMENTS

For the year ended 31 December, 2019

Registered in the State Register of RA, 16 January 2003
Registration Certificate: 03 A 057998
Address: 2 Jivani, Yerevan, RA





«Լոնդոն Բիզնես Գրուպ» ՀԶ ՍՊԸ
ՀՀ, Երևան, Խորենացի 27ա/1

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INDEPENDENT AUDITOR'S REPORT

To the President and Members of “Football Club Urartu” Sporting NGO

Opinion

We have audited the accompanying financial statements of “Football Club Urartu” Sporting NGO (hereinafter referred to as the “Organization”), which comprise the balance sheet as of 31 December 2019, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the 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 flow 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 ethical requirements that are relevant to our audit of the financial statements in the code of the Ethics for Professional Accountant set by the International Ethics Standards Board for Accountants (IESBA code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management 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 relates to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or ha 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 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 consolidated 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 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 disclosure in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents 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.

London Business Group JV LLC
9 April, 2020

Head of Audit
M. Khojayan



Director

T. Zoryan



Statement of Financial Position

(Presented in thousand AMD)	Notes	<u>As at 31 December</u> <u>2019</u>	<u>As at 31 December</u> <u>2018</u>
Assets			
<i>Current assets</i>			
Cash and cash equivalents	3	43,596	39,682
Accounts receivable from player transfer		-	-
Accounts receivables from group entities and related parties	4	255,000	180,000
Other accounts receivable	5	14,391	-
Tax assets	5	190	697
Inventories	6	29,670	1,074
Other current assets	5	7,619	176,776
<i>Total current assets</i>		<u>350,466</u>	<u>398,229</u>
<i>Non-current assets</i>			
Tangible fixed assets	7	713,381	382,166
Intangible assets - players		-	-
Intangible assets - other	8	130,238	82
Accounts receivable from player transfers		-	-
Accounts receivable from group entities and related parties		-	-
Other non-current assets		-	-
Tax assets		-	-
Investments		-	-
<i>Total non-current assets</i>		<u>843,619</u>	<u>382,248</u>
Total assets		1,194,085	780,477
Liabilities			
<i>Current liabilities</i>			
Bank overdrafts and other loans		-	-
Accounts payable to group entities or related parties	9	103,498	24,914
Accounts payable relating to player transfers		-	-
Accounts payable to employees		-	-
Accounts payable to tax and other state authorities	10	9,153	3,902
Other accounts payable	10	21,550	3,195
Accruals and deferred Income		-	-
Grants related to income	11	88,575	198,825
Short-term provisions	12	9,418	9,418
<i>Total current liabilities</i>		<u>232,194</u>	<u>240,254</u>

Statement of Financial Position

(Continued)

(Presented in thousand AMD)	Notes	<u>As at 31 December</u> <u>2019</u>	<u>As at 31 December</u> <u>2018</u>
<i>Non-Current liabilities</i>			
Loans payable		-	-
Accounts payable to group entities or related parties		-	-
Accounts payable relating to player transfers		-	-
Accounts payable to employees		-	-
Accounts payable to tax and other state authorities		-	-
Other accounts payable		-	-
Accruals and deferred income		-	-
Tax liabilities		-	-
Grants related to assets	11	843,618	540,223
Long-term provisions		-	-
Other non-current liabilities	12	118,273	-
<i>Total non-current liabilities</i>		<u>961,891</u>	<u>540,223</u>
Total liabilities		1,194,085	780,477
Total net assets		-	-
Equity			
Fund Capital		-	-
Retained earnings		-	-
Other reserves		-	-
Total equity		<u>-</u>	<u>-</u>

Notes form part of these financial statements.

H. Aghabekyan
General director



O. Yenokyan
Financial officer



9 April, 2020



Statement of Comprehensive Income

(Presented in thousand AMD)	Notes	<u>For the year ended 31 December 2019</u>	<u>For the year ended 31 December 2018</u>
Income			
Gate receipts - season tickets		-	-
Sponsorship and advertising		-	-
Broadcasting rights		3,181	2,795
Commercial		5,510	-
UEFA solidarity and prize money	13	135,514	157,720
Other operating income(donations recognized income and training compensations)	13	322,907	222,279
Total income		467,112	382,794
Expenses			
Cost of services performed		(17,425)	(35,435)
Wages and salaries – players	14	(36,072)	(21,592)
Wages and salaries – other employees	14	(104,211)	(68,816)
Depreciation and repair of tangible assets		(80,445)	(47,273)
Depreciation of intangible assets- computer software (excluding player registrations)	8	(40)	(40)
Impairment of tangible and intangible assets (excluding player registrations)		-	-
Other operating expenses, including:			
Expenses regarding football events	15	(164,086)	(198,459)
Administrative expenses	15	(62,242)	(43,027)
Total operational expenses (excluding player registration)		(289,058)	(121,466)
Net operating income (loss)		2,591	(31,848)
Player registration trading			
Amortization of intangible assets (player registrations)		(246)	-
Impairment of intangible assets (player registrations)		(954)	-
Income (Loss) from disposal of registrations		-	-
Cost of acquiring player registrations (including non-capitalized agent fees and player loan fees)		(360)	-
Income from disposal of player registrations (including loan income)		14,553	39,040
Total player registration trading		12,993	39,040

Statement of Comprehensive Income

(Continued)

(Presented in thousand AMD)	Notes	<u>For the year ended</u> <u>31 December 2019</u>	<u>For the year ended</u> <u>31 December 2018</u>
Profit (loss) on disposal of non-current assets			
Profit (loss) on disposal of tangible fixed assets		-	(4,983)
Profit (loss) on disposal of intangible assets		-	-
Total profit (loss) on disposal of non-current assets		-	(4,983)
Financial result			
Financial income	16	216	415
Financial expenses	16	(15,189)	-
Net foreign Exchange income(loss)	16	5,030	461
Net financial income (expenses)		(9,943)	876
Foreign Exchange income (loss)			
Other non-operating activity			
Other income (non-operating)		-	-
Other expenses (non-operating)		(1,618)	(1,681)
Result of other non-operating activity		(1,618)	(1,681)
Profit (loss) before tax		4,023	1,404
Profit tax		(4,023)	(1,404)
Net profit (loss)		-	-

Notes form part of these financial statements.

H. Aghabekyan
General director



O. Yenokyan
Financial officer



9 April, 2020



Cash Flow Statement

(Presented in thousand AMD)

Notes

**For the year ended
31 December 2019**

**For the year ended
31 December 2018**

Operating activities

Cash inflow from operating activities

Cash receipts from ticket sales
Cash receipts from sponsorship and
advertisement
Cash receipts from broadcast right
Cash receipts from commercial activity

• Cash inflow from other activity:

• donations
training compensation
other

Total cash inflow from operating activities

Cash outflow from operating activities

Purchase of goods and services provided
Salaries paid
Payments to agents and brokers
Other cash outflow from operating activities
Total cash outflow from operating activities

Net cash flow from operating activities

Investing activities

Cash inflow from investing activities

Cash receipts from sale of player
registrations
Cash receipts from sale of tangible fixed
assets
Cash inflows from other investing activities
Total cash inflow from investing activities

Cash outflow from investing activities

Cash payments from purchase of player
registrations
Cash payments from purchase of tangible
fixed assets
Cash outflows from other investing
activities
Total cash outflow from investing activities

Net cash flow from investing activities

-	-
-	-
2,629	2,776
5,510	-
507,739	418,668
2,550	5,100
373	10
<u>518,801</u>	<u>426,554</u>
329,633	322,113
89,640	66,768
-	-
71,896	32,846
<u>491,169</u>	<u>421,727</u>
27,632	4,827
<i>Cash inflow from investing activities</i>	
14,553	39,040
-	3,000
180,242	150,259
<u>194,795</u>	<u>192,299</u>
<i>Cash outflow from investing activities</i>	
-	-
46,956	158,263
255,242	80,000
<u>302,198</u>	<u>238,263</u>
(107,403)	(45,964)

Cash Flow Statement

(Continued)

(Presented in thousand AMD)	Notes	<u>For the year ended</u> <u>31 December 2019</u>	<u>For the year ended</u> <u>31 December 2018</u>
Financial activities			
<i>Cash inflow from financial activities</i>			
Cash receipts from borrowings - related party		452,281	342,219
Cash receipts from borrowings - financial institutions		-	-
Cash receipts from increase in capital		-	-
Cash receipts from bond issue		-	-
Cash receipts from other financing activities		216	415
<i>Total cash inflow from financial activities</i>		<u>452,497</u>	<u>342,634</u>
<i>Cash outflow from financial activities</i>			
Cash (payments) on borrowings - related party		366,777	315,801
Cash (payments) on borrowings - financial institutions		-	-
Cash (payments) on dividends paid to owners/ shareholders		-	-
Cash payments on bond issued		-	-
Cash payments on interest		-	-
Cash payments on other financing activities		-	-
<i>Total cash outflow from financial activities</i>		<u>366,777</u>	<u>315,801</u>
Net cash flow from financial activities		85,720	26,833
Change in cash balance		5,949	(14,304)
Net results of exchange rate changes for foreign currency		(2,035)	(1,416)
Opening cash balance	3	39,682	55,402
Closing cash balance	3	43,596	39,682

Notes form part of these financial statements.

H. Aghabekyan
General director




O. Yenokyan
Financial officer



9 April, 2020