Audit
ARMENIA

«NOAH» FC
NON-GOVERNMENTAL ORGANIZATION
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2022

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Address:	Bryusov str.6 building, Yerevan, RA

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Independent Auditor's Report

To the Management of "Noah" Football Club NGO

Opinion

We have audited the financial statements of "Noah" FC NGO (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the statement of profit or loss and other comprehensive income, and statement of changes in equity 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 December 31, 2022, and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small-and Medium-sized Entities (IFRS for SMEs).

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.

Other Matter

The financial statements for the year ended 31 December 2021 have been audited by another auditor. On April 14, 2022 he expressed an unmodified 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 IFRS for SMEs, 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 Organizations 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 Organizations 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, strcture 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.

"AUDIT ARMENIA" CJSC

Anna Avetisyan

Director, Audit manager

April 17, 2023

Yerevan

In KAMD	Notes	As of December 31, 2022	As of December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	4	3,600	5,505
Receivables from players transfers		-	-
Receivables from UEFA solidarity payments	5	63,009	-
Receivables from group/related parties	5	484	-
Other receivables	5	-	38
Prepayments	5	63	53,960
Current tax assets		-	-
Inventories		-	217
Other current assets		-	-
Total current assets		67,156	59,720
Non-current assets			
Property and equipment	6	9,820	13,055
Intangible assets - players		-	-
Intangible assets - other		-	-
Receivables from players transfers		-	-
Receivables from group/related parties		-	-
Other receivables		-	-
Deferred tax assets		-	-
Investments		-	-
Total non-current assets		9,820	13,055
Total assets		76,976	72,775
Liabilities			
Current liabilities			
Bank overdrafts		-	-
Bank and other loans		-	-
Borrowings received from group entities or related parties		-	-
Borrowings received from third parties	7	14,000	-
Payables from player transfers		-	-
Payables from employees	8	5,486	7,824
Payables from tax and other state authorities	8	5,823	4,935
Payables from income tax		-	-
Other payables	8	81,120	25,515
Prepayment and deferred income	8	52,660	-
Grants related to incomes	11	-	-
Current reserves	9	9,263	-
Other short-term liabilities	10	8,401	-
Total current liabilities		176,753	38,274

"NOAH" FC NGO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(continued part 2)

In KAMD	Notes	As of December 31, 2022	As of December 31, 2021
Non-current liabilities			
Bank and other loans		-	-
Borrowings received from related parties	7	979,437	1,015,245
Borrowings received from related parties		-	-
Payables to the group/related parties		-	-
Payables from player transfers		-	-
Payables from employees		-	-
Payables on taxes and other		-	-
mandatory payments		-	-
Other tax liabilities		-	-
Payables from lease		-	-
Other payables		-	-
Prepayments and deferred income		-	-
Deferred tax liabilities		-	-
Grants related to assets		-	-
Long-term reserves		-	-
Other non-current liabilities		-	-
Total non-current liabilities		979,437	1,015,245
Total *liabilities*		1,156,190	1,053,519
Net assets		(1,079,214)	(980,744)
Total *liabilities and n*et assets		76,976	72,775

The financial statements were approved on April 17, 2023 by:

Artur Sahakyan — Maria Tadevosyan

Chief director — Chief accountant

The notes to the financial statements form an integral part of the financial statements.

"NOAH" FC NGO
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

In KAMD	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Income			
Ticket sales		-	63
Sponsorship and advertising	12	77,272	10,360
Broadcasting rights		-	36,156
Commercial		-	-
Income from UEFA solidarity payments	12	110,079	143,783
Funds from the National Football Body, donations	12	13,500	16,113
Other operating income	13	39,787	11,344
Total income		240,638	217,819
Expenses			
Cost of Sales		-	-
Salary expenses (players)		(44,362)	(50,812)
Salary expenses (other employees)		(70,907)	(65,664)
Depreciation		(3,470)	(6,012)
Amortization of intangible assets (excluding player registrations)		-	-
Impairment of property and equipment and intangible assets (excluding player registrations)		-	-
Other operation expenses	14	(208,483)	(412,011)
Total operational expenses (excluding player registration)		(327,222)	(534,499)
Operating income/loss		(86,584)	(316,680)
Acquisition and alienation of player registration			
Amortization of intangible assets (player registrations)		-	-
Impairment of intangible assets (player registrations)		-	-
Cost of acquiring player registrations (including non-capitalized agent fees and player lease fees)		(17,590)	(4,630)
Income from disposal of player registrations (including lease income)		1,045	75
Total acquisition and alienation of player registration		(16,545)	(4,555)
Profit/loss on disposal of property and equipment		-	-
Profit/loss on disposal of intangible assets		-	-
Total profit/loss on disposal of non-current assets		-	-

"NOAH" FC NGO
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued part 2)

Financial income			
Financial expense		-	-
Foreign currency exchange gain, net / (loss)	15	3,794	1,542
Net financial income/expense		3,794	1,542
Other non-operating incomes		3,273	-
Other non-operating expenses		(2,408)	(1,260)
The result of other non-operating activity		865	(1,260)
Profit/loss before taxes		(98,470)	(320,953)
Income tax		-	-
Profit/loss for the year		(98,470)	(320,953)
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(98,470)	(320,953)

The notes to the financial statements form an integral part of the financial statements.

In KAMD	Accumulated result	Total
As of January 01, 2021	(659,791)	(659,791)
Loss for the year	(320,953)	(320,953)
Other comprehensive income	(320,953)	(320,953)
As of December 31, 2021	(980,744)	(980,744)
Loss for the year	(98,470)	(98,470)
Other comprehensive income ñ	(98,470)	(98,470)
As of December 31, 2022	(1,079,214)	(1,079,214)

The notes to the financial statements form an integral part of the financial statements,

In KAMD	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities		
Result for the year	(98,470)	(320,953)
Adjustments for:		
Profit tax	-	-
Depreciation	3,470	6,012
Revenue from grants	(9,946)	(11,333)
Finance income	-	-
Finance cost	-	-
Foreign exchange (gain)/loss	(3,794)	(1,542)
Operating profit/(loss) before working capital changes	(108,740)	(327,816)
Change in inventories	217	-
Change in other receivables	(8,998)	(8,840)
Change in trade and other payables	132,989	10,313
Cash generated from/(used in) operations	15,468	(326,343)
Income tax paid	-	-
Interest paid	-	-
Net cash from/(used in) operating activities	15,468	(326,343)
Cash flows from investing activities		
Cash from the retirement of player registration	1,045	75
Payments for player registration	(9,189)	(4,630)
The received percentage	-	-
Acquisition of property and equipment, intangible assets, net	(235)	(4,275)
Net cash used in investing activities	(8,379)	(8,830)
Cash flows from financing activities		
Receipt of a grant	9,946	11,333
Receipt of loans, net	-	-
Receipt of borrowings from related parties, net	(33,319)	328,493
Receipt of borrowings from third parties, net	14,000	-
Net cash generated from financing activities	(9,373)	339,826
Net increase in cash and cash equivalents	(2,284)	4,653
Foreign exchange effect on cash	379	505
Cash and cash equivalents at the beginning of the year	5,505	347
Cash and cash equivalents at the end of the year	3,600	5,505

The notes to the financial statements form an integral part of the financial statements

Notes to the financial statements

1 Nature of operations and general information

"NOAH" FC NGO (the "Organization") is a type of public association of RA citizens, citizens of foreign countries, stateless persons, legal entities, which has the status of a non-profit organization. The Organization was registered in the state register on May 15th, 2017. The registration number of the Organization is: 211.171.958171.

The statutory objectives of the organization are:

- To promote various sports within the Republic of Armenia and beyond its borders, especially in the development and expansion of football,
- Organize the dissemination of various information about football,
- Implementation of football education, training of coaches, athletes and persons interested in football,
- Organize sports competitions and events,
- Fight against the use of stimulants banned by international sports organizations.
- To protect the social interests and rights of athletes, coaches, sports veterans,
- To implement sports and cultural training for children and youth, to establish and manage football teams.

The main activity of the Organization is football activity.

The highest level of governance is the Participants Assembly and the President. The Assembly shall be convened once every five years.

The current activities of the Organization are managed by the Chief Director.

The average number of employees of the Organization as of 31 December, 2022 is 67 (in 2021: 67).

The location of the Organization is Bryusov str.6 building, Yerevan, RA.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small-and Medium-Sized Entities ("IFRS for SMEs") as issued by the International Accounting Standards Board ("IASB").

The financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards for Small-and Medium-Sized Entities (IFRS for SMEs). With the first introduction of Small and Medium-sized organizations, there is no need to clarify the previous comparative information.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost. When applying other measurement bases, the Organization provides disclosures in the relevant notes.

Functional and presentation currency

The national currency of Armenia is the Armenian dram ("dram" or "AMD"), which is the Organization functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Organization.

These financial statements are presented in Armenian drams, since management believes that this currency is more useful for the users of the Organization financial statements. All financial information presented in Armenian drams has been rounded to the nearest thousand.

2.3 Going concern

The financial statements were prepared on the basis of the going concern, which involves the sale of assets and repayment of liabilities in the course of normal activities and that there is no intention or need to terminate or significantly reduce activities within 12 months after the reporting date.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRS for SMEs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note s to the financial statements.

2.5 Composition of Financial Statements

Financial statements include`

a) statement of financial position at the end of the period. Current and non-current assets and liabilities are presented in a separate classification:

b) one comprehensive income statement for the period. The Organization presents the breakdown (analysis) of costs recognized in profit or loss using a classification based on their nature.

c) c) statement of changes in net assets.

d) statement of cash flows for the period. Information on cash flows from operating activities is presented using the indirect method. Interest paid is classified as operating, interest and dividends received as cash flows from investing activities. Taxes paid are classified as cash flows from operating activities.

e) Notes, which consist of a brief description of the significant parts of accounting policies and other explanatory information; The financial statements disclose comparable information about all amounts presented in the financial statements of the current period for the previous period (previous year: When the Organization changes the presentation or classification of items in its financial statements, it reclassifies comparable amounts, except in cases where reclassification is impractical:

2.6 Intangible assets

Intangible assets are recognized with acquisition cost, accumulated depreciation and losses on impairment reduced, They are being depreciated during their useful life applying straight-line method, If there are such indicators that there has been significant change of asset's depreciation rates, useful life or residual value, the depreciation of the asset is revised so that it reflects correctly the new future expactations.

The Organization takes into account the costs of registering football players in the statement of comprehensive income for the current year:

3 Significant accounting policies

The significant accounting policy approaches used in prepared financial statements are set out below.

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated. The exchange rates published by the Central Bank of Armenia are presented below:

	As of 31 December, 2022	As of 31 December, 2021
RUB	5.59	6.42
US dollar	393.57	480.14
EUR	420.06	542.61

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

3.2 Property and Equipment

Equipment stated at cost

Property and Equipment (The PE) are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Computer equipment	1 years
Furniture and fixture	1-8 years
Other	1-8 years:

3.3 Impairment of property and equipment

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case any reversal of impairment loss is treated as a revaluation increase.

3.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases.

The rights for the assets maintained by financial lease are recognized as assets with an amount equal to the fair value of leased property (or if it is lower-with the actual value of the minimum rent) in the beginning of the lease. The corresponding financial liability for the lessor is included in the statement of financial position as a liability of financial lease. The rents are equally distributed between the decrease of financial payment and the liability so that to have a constant interest rate towards the balance of the liability of the period. The financial payments are deducted from the amount of the profit or loss. The financial payments are included in the property, plants and equipment which are depreciated and evaluated as their own assets.

The rents to be paid within the frame of the operating lease are calculated in the profit or loss linearly for the whole period of lease.

3.5 Inventories

Inventories are measured by the least between initial value and net selling price.

The initial value of inventories include the expenses of the purchase and the production of inventories, as well as the other expenses connected to bringing them to the current state and location.

The net selling price is the presumed price for sale, the expenditure of replenishment (reconstruction) and the expenditure necessary for organization of sales reduced.

The evaluations of the net selling price are based on the credible evidence (due at the moment of evaluation) of the expected amount from inventories sales. While performing these evaluations the liability of prices and costs directly connected to the occured cases after the reporting period are being taken into consideration insafar as much cases affirm available conditions as at the end of the period.

Organization adjusts the price of inventories till the regenerative value creating ''Provisions of wear goods and materials'' for damaged and slowly circulating inventories.

3.6 Recieved grants

Received grants including non-monetary are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants related to the acquisition of non-current assets are included in non-current liabilities and recognized in the income statement on a straight-line basis over the useful life of the asset in question:

3.7 Reserves

An Organization should recognize a reserve only if

a) a) the Organization has an obligation at the reporting date as a result of past events;

b) it is probable (that is, more likely than not) that the entity will be required to transfer economic benefits to settle;

c) the amount of the obligation can be reliably estimated.

An entity must recognize a provision in the statement of financial position as a liability and recognize the amount of the provision as an expense:

The Organization should measure the reserve by the best estimate of the amount required to repay the obligation at the reporting date: The best estimate is the amount that the organization will reasonably pay to repay the obligation at the end of the reporting period or transfer it to a third party at that time:

The Organization must pay from the reserve only those expenses for which the reserve was initially recognized:

3.8 Income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In the absence of other information, the Organization applies the rate of 18%` with respect to taxable temporary differences and used deductible temporary differences:

Deffered tax asset book value is reviewed at the end of every recording period. The Organization reduced with the amount impossible to make of enough taxable profit that willallow making a full or partial use of deferred tax asset. Any such deduction is restored to the extent that it becomes possible to obtain sufficient taxable profit.

Current and deferred taxes should be recognized as income or expenses and included in profit or loss for the period, except for part of the tax, which relate to the articles, which, at the same time or at different times, are known `

a) other comprehensive income ` must be recognized in other comprehensive income.

b) directly to the equity ` must be recognized in directly to the equity:

The Organization presents items on profit and loss, other comprehensive income and equity ` removal of relevant tax consequences.

The Organization offsets current tax assets and current tax liabilities and only if

a) has a legally established right to set off the recognized amounts, and

b) intends to either settle (settle the asset or liability) on a net basis, or simultaneously realize the asset and settle the liability.

The Organization reimburses the deferred tax asset and deferred tax liability and only if

a) has a legally established right to offset deferred tax assets against tax liabilities, and

b) deferred tax asset and deferred tax liability relate to income tax, which is charged by the same tax authority`

-from the same taxpayer, or

- from various taxpayers who intend or repay current tax liabilities and assets on a net basis, or realize assets and settle liabilities simultaneously in each future period, during which significant amounts of deferred tax liabilities and assets are expected to be repaid or recovered.

3.9 Revenue

Gaming day revenue is recognized during the reporting year. Proceeds from each game day must be recognized only when the game match has already taken place. Gaming day revenue received in advance until the end of the reporting year but refers to the next season (for example, season ticket sales), should be recorded as deferred income (income) and be recognized along with the holding of game matches.

Sponsorship and advertising

Sponsorship and advertising include the general sponsor of the club, other sponsors, stadium outline and display advertisement, like any other type of sponsorship or advertising activity.

Broadcast rights

The income from broadcasting rights is the funds received from contracts concluded with the media. Distributed based on the representation of the television market, as well as participation fees are recognized in parallel with the conduct of game matches. Prize money from the club's gaming achievements is recognized, when their receipt becomes certain.

Trading revenue

Trading revenue consists of children`s sport education.

Solidarity and UEFA prize money

UEFA prize money is the funds received for participating in UEFA club tournaments. The participation fee, distributed on the basis of the representation of the television market, is recognized in parallel with the conduct of game matches. Prize money from the club's gaming achievements is recognized, when their receipt becomes certain. UEFA solidarity fees must be recognized, when the amount received becomes certain.

Other income

Other income includes donations, grants, any unusual operating income, as well as other income not classified in the previous five groups.

3.10 Employee benefits

Short-term employee benefits include wages, salaries, short-term compensated absences (such as paid annual live and paid sick leave), and bonuses.

Employee benefits to employees, including directors and management personnel, compensation provided by the Organization in any form for the services rendered:

Employee benefits are

a) short-term employee benefits, which are employee compensation (except for exemption benefits), which are fully repaid within twelve months after the end of the period, in which employees provide the appropriate service;

b) post-employment benefits, which are employee compensation (except for exemption benefits), which are payable after completion of employment;

c) other long-term employee benefits, which are employee compensation (except for exemption benefits and post-employment benefits), which are not fully repaid within twelve months after the end of the period, in which employees provide the appropriate service;

d) exemption benefits, which are employee compensation, which are subject to payment as a consequence or

- Organization solutions, dismiss employees before the accepted retirement date, or

- employee's decision, in case of a reduction in the number of employees, voluntarily resign, in return receiving these benefits:

3.11 Financial instruments

This note provides information about the Organization's financial instruments, including:

- An overview of all financial instruments held by the Organization's
- Accounting policies

Financial assets and financial liabilities are recognized in the Organization's statement of financial position when the Organization becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Classification of financial liabilities

- Financial liabilities at amortized cost
- Financial liabilities at fair value through profit or loss (FVTPL)

Financial assets at amortized cost

If debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through other comprehensive income (FVTOCI)

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial liabilities at amortized cost

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Organization manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Derecognition of financial assets

The Organization derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Organization neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Organization recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Organization retains substantially all the risks and rewards of ownership of a transferred financial asset, the Organization continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at "Fair value through other comprehensive income" (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings (accumulated profit or loss).

Derecognition of financial liabilities

The Organization derecognises financial liabilities when, and only when, the Organization's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

When the Organization exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Organization accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: the carrying amount of the liability before the modification, and the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Impairment of financial instruments

The Organization recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The amount of "Expected credit losses" (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Organization always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Organization's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4.Cash and cash equivalents

In KAMD	As of December 31, 2022	As of December 31, 2021
Cash in hand	749	3,320
Bank accounts	51	2,183
Bank accounts (foreign currency)	2,800	2
	3,600	5,505

5.Receivables

In KAMD	As of December 31, 2022	As of December 31, 2021
Receivables for UEFA solidarity payments	63,009	-
Receivables from related parties for services	478	-
Receivable for VAT	-	-
Advances issued	63	53,960
Other	6	38
	63,556	53,998

The decision on the distribution of UEFA solidarity payments was made by the FFA on December 16, 2022, and the Organization received the money in January 2023.

6. Property and equipment

In thousand drams	Computer equipment	Furniture and fixture	Other	Total
Cost				
As of January 1, 2021	5,178	4,213	13,018	22,409
Additions	67	116	4,092	4,275
Disposals	-	-	-	-
As of December 31, 2021	5,245	4,329	17,110	26,684
Additions	-	-	235	235
Disposals	-	-	-	-
Reclassification	- 88	88	-	-
As of December 31, 2022	5,157	4,417	17,345	26,919
Accumulated depreciation				
As of January 1, 2021	3,728	1,776	2,113	7,617
Charge for the year	1,429	812	3,771	6,012
Disposals	-	-	-	-
As of December 31, 2021	5,157	2,588	5,884	13,629
Charge for the year	-	218	3,252	3,470
Disposals	-	-	-	-
As of December 31, 2022	5,157	2,806	9,136	13,629
Carrying amount				
As of December 31, 2021	88	1,741	11,226	13,055
As of December 31, 2022	-	1,611	8,209	9,820

Property and equipment with a cost of drams 8,612 thousand are accounted for at zero carrying value as of December 31, 2022 (December 31, 2021: 6,987 thousand dram).

The Organization has no contractual obligation to purchase property and equipment.

As of December 31, 2022, there are no restrictions on property and equipment.

7. Received borrowings

	Current		Non-current	
In KAMD	As of December 31, 2022	As of December 31, 2021	As of December 31, 2022	As of December 31, 2021
Unsecured borrowings				
Borrowings from related parties	-	-	979,437	1,015,245
Borrowings from third parties	14,000	-	-	-
	14,000	-	979,437	1,015,245

		As of December 31, 2022		As of December 31, 2021	
Name	Currency	Foreign currency	In KAMD	Foreign Currency	In KAMD
Artur Sahakyan	AMD	-	23,482	-	19,098
Artur Sahakyan	USD	15,708	6,182	10,708	5,141
FFA	AMD	-	14,000	-	-
Gevorgyan Ruben	AMD	-	896,706	-	938,472
Gevorgyan Ruben	EUR	66,000	27,724	-	-
Gevorgyan Ruben	RUB	810,000	4,528	810,000	5,200
Gevorgyan Ruben	USD	6,000	2,362	6,000	2,881
Gevorgyan Sargis	AMD	-	18,453	-	44,453
Total			993,437		1,015,245

Repayment schedule of loans and borrowings

In KAMD	As of December 31, 2022	As of December 31, 2021
Terms of borrowings		
On demand	-	-
Up to 12 months	14,000	-
For the second year	-	-
From the third to the fifth year (inclusive)	979,437	1,015,245
Five years later	-	-
	993,437	1,015,245

8 Trade and other payables

In KAMD	As of December 31, 2022	As of December 31, 2021
Trade payables	36,047	21,545
Payables to related parties on operating leases	11,468	3,970
Payables for consulting services	33,605	-
Advances received	52,660	-
Payables from the budget	5,486	7,824
Salary debt	5,823	4,935
Other	-	-
	145,089	38,274

9 Reserves

In KAMD	As of December 31, 2022	As of December 31, 2021
Beginning of period	-	-
Replenishment of vacation reserve, net	9,263	-
End of the period	9,263	-
Included in current liabilities	9,263	-
Included in non-current liabilities	-	-

10. Other short-term liabilities

The organization according to the agreement signed on December 08, is obliged to pay training compensation in the amount of 8,401 thousand drams to the “Kairat” Football Club, equivalent to 20,000 euros, until 04.30.2023.

11. Grants related to income

In KAMD	As of December 31, 2022	As of December 31, 2021
Balance at 1 January	-	-
Additions	9,946	11,333
Recognized income	(9,946)	(11,333)
Balance at 31 December	-	-

12. Income

In KAMD	Year ended December 31, 2022	Year ended December 31, 2021
Ticket sales	-	63
Sponsorship and advertising	77,272	10,360
Broadcast Rights	-	36,156
Commercial	-	-
Solidarity and UEFA prize money	110,079	143,783
Prize money, support from the FFA	13,500	16,113
	200,851	206,475

13. Other operating income

In KAMD	Year ended December 31, 2022	Year ended December 31, 2021
Income from donations from related parties	-	-
Income from other donations	9,946	11,333
Grant income related to assets	-	-
Consulting service	27,150	-
Other	2,691	11
	39,787	11,344

On October 18, 2022, the organization signed a contract for consulting services with the Hungarian football club DVSC in the amount of 200,000 euros, of which, in 2022, the revenue to be recognized amounted to 66,642 euros, which is equivalent to 27,150 thousand drams, and the received prepayment amounted to 52,660 thousand drams, which is equivalent to 133,283 euros, the difference is bank expenses.

14. Other operating expenses

In KAMD	Year ended December 31, 2022	Year ended December 31, 2021
Consulting expenses	67,032	-
Expenses for organizing training camps and games	21,069	136,911
Sport equipment	747	12,011
Payments to FFA	25,948	5,415
Expenses for medical care of football players	13,252	23,956
Football training	-	140,505
Guard services	3,225	4,860
Repair and maintenance of property and equipment	-	4,060
Marketing and advertising expenses	3,899	16,185
Bank expenses	513	84
Office and utility expenses	7,517	12,569

Postal and telecommunication expenses	398	950
Non-refundable tax charges	1,266	17,617
Expenses of writing off advance payments	12,770	-
Lease expenses	33,100	29,032
Other expenses	17,747	7,856
	208,483	412,011

On October 17, 2022, the organization signed a contract for the provision of consulting services with Villarreal FC / support for the development of football / in the amount of 400,000 euros, of which, the amount payable to Villarreal FC in 2022 amounted to 160,000 thousand euros, which is equivalent to 67,032 thousand drams.

15. Other financial items, net

In thousand drams	Year ended December 31, 2022	Year ended December 31, 2021
Foreign exchange effect on:		
Cash and cash equivalents	379	505
Trade receivables	1,605	106
Trade payables	(679)	(631)
Loans and borrowings	2,489	1,562
	3,794	1,542

16. Financial instruments

16.1 Accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equiry instrument are disclosed in note 3.10-ում:

16.2 Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each category are as follows.

Financial assets

In thousand drams	As of December 31, 2022	As of December 31, 2021
Receivable		
Trade receivable	63,493	38
Cash and cash equivalents	3,600	5,505
	67,093	5,543

Financial liabilities

In thousand drams	As of December 31, 2022	As of December 31, 2021
Financial liabilities measured at amortized cost		

Received borrowings	993,437	1,015,245
Trade payables	47,515	25,515
	1,040,952	1,040,760

17. Financial risk management

The Organization is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

17.1 Financial risk factors

i. Market risk

The Organization's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price coming from operation and investment activities.

ii. Foreign currency risk

The Organization carries out operations in foreign currency, therefore, it is exposed to currency risk. Dependence on currency fluctuations mainly arises from accounts receivable, loans and borrowings received.

iii. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Organization.
At the reporting date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

iv. Liquidity risk

The Organization's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service related payments when those become due.

18. Fair Value

Management believes that the carrying amount of financial assets and financial liabilities recorded at amortized cost in the financial statements approximates their fair values.

19. Conventions

19.1 Business environment

The changes in political and economic environment and the development of the legal, tax and legislative systems in Armenia have continuing nature. The stability and development of the Armenian economy largely depends on these changes. The government has brought a renewed commitment to good governance, including anticorruption efforts, transparency, and accountability.

In March 2020 the World Health Organization has classified the coronavirus (COVID-19), which has exploded in China in December 2019, as pandemic. The coronavirus has already had a significant impact on the global economy and major financial markets.

Continuous measures were introduced by the Government and the Central Bank of the Republic of Armenia to mitigate the impact of the coronavirus on the economy. These measures include, among others, subsidized lending to affected industries and individuals and payment holidays.

The Organization's management considers its current liquidity position to be sufficient for the sustainable functioning. The Organization monitors its liquidity position on regular basis and intends to use appropriate liquidity position instruments, if necessary.

The situation in the Republic of Armenia has intensified as a result of the war unleashed by the Republic of Azerbaijan. Despite the ceasefire agreement, the consequences of the war on Armenia's economy, both in the short and long term, are still uncertain.

The Ukrainian conflict of 2022 spread very quickly, which has a great impact and will still have on the whole world.

The devaluation of the ruble will not have a significant impact on money transfers denominated in rubles. Instead, it will affect the dollar value of these transfers.Naturally, money transfers denominated in US dollars will decrease somewhat. Historically, the Armenian economy has faced similar shocks several timesUnlike in previous times, currently the Armenian economy is much less dependent on the volume of money transfers, and the weight of the Russian Federation in these money transfers is much less. We believe that a certain reduction in remittances will have a negative impact on the domestic demand of Armenia, but we do not estimate this impact very much.

These events may have a further significant impact on the Organization's future operations and financial stability, the full consequences of which are currently difficult to predict. The future economic and political situation and its impact on the Organization's operations may differ from the management's current expectations.

These financial statements do not reflect the potential future impact of the above on the Organization's operations.

19.2 Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia, The Organization does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Organization property, or relating to the Organization operations. Until the Organization obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Organization 's operations and financial position.

19.3 Taxes

The taxation system in Armenia is relatively new and is characterized by frequently changing legislation, which is often subject to interpretation. The tax authorities may impose fines and penalties as a result of inspections. These circumstances may create significant tax risks. The Organization management is confident that it has correctly calculated its tax liabilities based on its interpretations of the RA tax legislation. However, the comments of the tax authorities may differ from the comments adopted in the preparation of these financial statements, and if they are approved, their impact may be significant.

19.4 Environmental matters

Management is of the opinion that the Organization has met the Government's requirements concerning environmental matters and, therefore, believes that the Organization does not have any current material environmental liabilities.

However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

19.5 Lawsuits

As of December 31, 2022 and the date of approval of these financial statements, the Organization is involved in only one dispute pending before the Lausanne Arbitration for Sport, case number «CAS 2020/A/7043», Parties` FC Kairat Almaty vs. Akmal A. Bakhtiyarov, PFC Sochi LLC, and Noah FC.

The publication of the decision of the Sport Arbitration in mentioned case is scheduled for August 31, 2023, wichh may be postponed.

The Organization acts as a respondent in this matter. The judicial act in the mentioned case does not in any way affect the licensing process of the Organization.

20 Events that occurred after the reporting date

The Ukrainian conflict in 2022 spread very quickly, which has and will have a great impact on the whole world:

The devaluation of the ruble will not have a significant impact on money transfers denominated in rubles. Instead, it will affect the dollar value of these transfers. Naturally, money transfers denominated in US dollars will decrease to a certain extent. Historically, the Armenian economy has faced similar shocks several times. Unlike in previous times, currently the Armenian economy is much less dependent on the volume of money transfers, and the weight of Russia in these money transfers is much less. We believe that a certain reduction in remittances will negatively affect the domestic demand of the Republic of Armenia, but we do not estimate this impact very much. The above-mentioned events may have a significant impact on the Organization's future results and financial stability in the future, the full consequences of which are difficult to predict at present: The future economic and political situation and the impact of the latter on the Organization's activities may differ from the current expectations of the Oragnization’s management:

These financial statements do not reflect the possible future impact of the impact described above on the Organization's operations:

21 Related party transactions

21.2 Control

The final leaders of the Organization are Roman Gevorkyan and Sargis Gevorgyan.

The president of the club is Roman Gevorkyan, who makes the main decisions. He is also a member of the board of directors of the French football club "Paris" and the Hungarian football club "Debrecen".

The current management of the Organization is carried out by Chief Director Artur Sahakyan.

In case of presented statements, the party related to the Organization's are under common control Companies, executive director of the Organization and persons related with them.

Details of transactions with the related parties during the reporting period are presented below.

1. Transactions with end controllers.

In KAMD	The balance as of December 31.2022	2022		The balance as of December 31.2021
Received grants and donations	-	-	-	-
Received borrowings	950,206	(171,599)	130,799	991,006
	The balance as of December 31.2021	**2021**		**The balance as of December 31.2020**
Received grants and donations				
Received borrowings	991,006	(146,185)	448,877	688,314

2.Transactions with the under common control organizations.

In KAMD	The balance as of December 31.2022	2022		The balance as of December 31.2021
Received services	-	(29,450)	29,450	-
Received prepayment	52,660	52,660	-	-
Received grants and donations	-	-	-	-
	The balance as of December 31.2021	**2021**		**The balance as of December 31.2020**
Received grants and donations	-	-		-

3.Transactions with management.

In KAMD	The balance as of December 31.2022	2022		The balance as of December 31.2021
Received borrowings	29,664	(44,524)	49,949	24,239
Salary	-	(7,183)	7,183	
	The balance as of December 31.2021	**2021**		**The balance as of December 31.2020**
Received borrowings	24,239	(2,241)	26,480	-
Salary	-	(3,154)	3,154	-