Georgian Federation of Professional Accountants and Auditors (GFPAA)

Independent Auditor's Report

and

Consolidated Financial Statements

for the Reporting Year Ended on

December 31, 2020

Tbilisi

2021

Georgian Federation of Professional Accountants and Auditors (GFPAA)

Contents

Independent Auditor's Report

To the management of Georgian Federation of Professional Accountants and Auditors (GFPAA),

NCLE

Auditor's Report on Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Georgian Federation of Professional Accountants and Auditors (GFPAA), NCLE, which comprise consolidated statement of financial position as at December 31, 2020, and the consolidated Statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other disclosures.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Georgian Federation of Professional Accountants and Auditors (GFPAA), NCLE, as at December 31, 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS of SMEs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities as defined under the standards are described in detail in the section 'Auditor's Responsibility for the Audit of Financial Statement' of the Auditor's Reports. We are independent from the Georgian Federation of Professional Accountants and Auditors in compliance with the Code of Ethics issued by International Ethics Standards Board for Accountants (IESBA) and those ethical norms, which are related to the audit of the financial statements conducted by us. Besides, we fulfilled other ethical obligations required by the norms and the Code of Ethics by IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Management and Persons in Charge of Governance for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with with International Financial Reporting Standards for Small and Medium Enterprises (IFRS of SMEs), as well as for establishment of such internal control that it considers necessary for 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 GFPAA'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 Company or to cease operations, or has no realistic alternative but to do so.

The persons in charge of governance are responsible for overseeing the process for preparation and presentation of GFPAA's financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement whether due to fraud or error and to prepare auditor's report, which contains our opinion. The reasonable assurance represents high level assurance but it is not a guarantee that audit conducted in accordance with ISA will always reveal any such misstatement. The misstatements might be caused due to fraud or error and they are considered material if it is reasonably expected that they, together or separately, will have impact on the economic decisions of the 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 planning and performance of 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 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 Georgian Federation of Professional accountants and auditors'(GFPAA) 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 Georgian Federation of Professionals Accountants and Auditors (GFPAA)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Georgian Federation of Professionals Accountants and Auditors (GFPAA) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the management of Georgian Federation of professional accountants and auditors (GFPAA) 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 are also required to provide management 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.

On behalf of Intelect Audit (REG. №SARASF583489)

Engagement Partner, Auditor Lasha Vephkhvadze (Reg. № SARAS-A-730184)

27/07/2021

Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Comprehensive Income as of December 31, 2020
(in GEL)

	Notes	December 31, 2020	December 31,2019
Revenue	5	1,134,908	1,275,749
Other Incomes	6	348,395	329,397
Changes in Inventory Balance		(57,307)	11,713
Purchase of Inventory		(137,901)	(95,764)
Salary Expenses		(869,322)	(903,567)
Depreciation and Amortization Expense		(40,179)	(45,648)
Other Expenses	7	(425,301)	(595,395)
Profit Before Tax		**(46,707)**	**(23,515)**
Tax Expense		(12,353)	(32,647)
Annual Profit		**(59,060)**	**(56162)**
Total Comprehensive Income		**(59,060)**	**(56162)**
Share of parent company		(63,421)	(80,777)
Non-controlling Interest		4361	24,615

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

The notes on pages 10-25 form an integral part of these financial statements.

Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Financial Position as of December 31, 2020
(in GEL)

	Notes	December 31,2020	December 31,2019
Assets			
Non-Current Assets			
Property, Plant and Equipment	8	720,116	753,711
Intangible Assets	9	5,538	11,910
Goodwill	16	5,679	-
Investments in Other Entities		-	400
Total Non-Current Assets		**731,333**	**766,021**
Current Assets			
Inventory	10	159,315	201,348
Trade and Other Receivables	11	286,398	218,132
Cash and Cash Equivalents	12	757,376	854,424
Total Current Assets		**1,203,089**	**1,273,904**
Total Assets		**1,934,422**	**2,039,925**
Equity and Liabilities			
Equity			
GFPAA Development Fund		1,459,682	1,520,205
Retained Profit-Loss		(59,060)	(56,162)
Non-controlling Interest		306,557	336,496
Total Equity		**1,707,179**	**1,800,539**
Non-current Liabilities			
Deferred Income	13	-	28,313
Total Non-current Liabilities		**-**	**28,313**
Current Liabilities			
Trade and Other Payables	14	210,593	205,967
Tax Liabilities	15	16,650	5,106
Total Current Liabilities		**227,243**	**211,073**
Total Equity and Liabilities		**1,934,422**	**2,039,925**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

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Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Changes in Equity as of December 31, 2020
(*in GEL)*

	GFPAA Development Fund	Non-controlling Interest	ToTal
Balance at 31.12.2018	***1,544,820***	***402,531***	***1,947,351***
Current period net profit-loss	*(80,777)*	*24,615*	***(56,162)***
Dividends issued	-	*(90,650)*	***(90,650)***
Balance at 31.12.2019	***1,464,043***	***336,496***	***1,800,539***
Current period net profit-loss	*(63,421)*	*4,361*	***(59,060)***
Dividends issued	-	*(34,300)*	***(34,300)***
Balance at 31.12.2020	***1,400,622***	***306,557***	***1,707,179***

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

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Georgian Federation of Professional Accountants and Auditors (GFPAA),

Consolidated Cash Flow Statement as of December 31, 2020

(in GEL)

	December 31, 2020	December 31,2019
Cash Flows from Operating Activities		
Cash receipts from customers	1,253,065	1,453,133
Membership fees	144,609	154,300
Other operating income	40,376	111,586
Salaries paid	(601,880)	(738,796)
Taxes paid	(320,135)	(452,641)
Payment of administrative and other non-operating expenses	(312,174)	(382,043)
Cash paid to suppliers	(139,233)	(127,821)
Dividends issued	(31,219)	(86,118)
Rent paid	(103,370)	(18,000)
Membership fees paid	(15,278)	(13,373)
Net cash from operating activities	**(85,238)**	**(99,773)**
Cash flows from investing activities		
Repayment of issued loan	-	12,836
Proceeds from disposal of non-current assets	(6,000)	-
Purchase of property, plant and equipment	(5,810)	(45,338)
Net cash flows from investing activities	**(11,810)**	**(32,503)**
Net increase in cash and cash equivalents	**(97,048)**	**(132,275)**
Cash and cash equivalents at the beginning of the reporting period	**854,424**	**986,699**
Cash and cash equivalents at the end of the reporting period	**757,376**	**854,424**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

The notes on pages 10-25 form an integral part of these financial statements.

1. General information

In line with the Georgian legislation **Georgian Federation of Accountants and Auditors (GFPAA)** represents membership based professional organization (registered union). Legal address and location of the GFPAA is 61 Tsereteli Avenue, Tbilisi, Georgia. Activities of the GFPAA are mainly related to training, re-training, professional certification and continuous education of accountants and auditors. These financial statements represent Annual Consolidated Financial Statements of GFPAA and its subsidiaris: Institute of Professional Accountants Ltd and Journal "Accounting - Reporting" Ltd

The institute mainly carries out educational activity, training and re-training of accountants.

Journal "Accounting -Reporting" Ltd publishes a monthly scientific-practical Journal "Accounting"

Economic activities of the GFPAA are mainly related to training, re-training, professional certification and continuous education of accountants and auditors.

GFPAA operates through its head office (61 Tsereteli Avenue, Tbilisi) and the following regional and district branches:

- Ajara Autonomous Republic Branch;
- Imereti Regional Branch;
- Samegrelo-Zemo Svaneti Regional Branch;
- Kakheti Regional Branch;
- Rustavi District Branch
- Poti District Branch;
- Gori District Branch.

2. Basis for preparation of financial statements and accounting policy

A. Decleration of relevance

This Consolidated Financial Statement is prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board.

The financial statements are the statements of a single entity for the reporting period beginning on January 1, 2020 and ending on December 31, 2020. Amounts in fianancial statements are rounded to the unit.

The significant accounting policy used in preparation of the financial statements are set out below. This policy is consistently applied to all information presented in the financial statements, unless otherwise stated.

B. Measurment Basis

The financial statements have been prepared using the historical cost method. Management believes that access to a going concern is appropriate for the company.

C. Going Concern basis

Management has prepared these financial statements on a going concern basis. Making this decision, management took into account the financial condition of the company, positive operating cash flows, current plans, profitability of operations and access to local or international financial resources.

On behalf of the management:

Lavrenti Chumburidze	**Qetevan abesalashvili**
Executive Director	**Chief Accountant**

July 27,2021
Tbilisi , Georgia

The World Health Organization officially announced the COVID-19 pandemic in March 2020. In order to reduce the impact of the pandemic,Georgian government took appropriate measures and imposed restrictions such as quarantine, curfew, international flight restrictions and other business restrictions. Due to the specifics of the company's activities, these measures partially limited the company's activities, although these measures had a negative impact on the country's economy and local business.

The management took appropriate measures to reduce the impact of the pandemic on company activity. Operating processes were carried out in compliance with all rules and regulations in the company. It is difficult to predict the current economic situation and the future results of the above measures, but the management believes that the relevant financial reserve also guarantees GFPAA financial stability, net asset value and high level of liquidity, which does not endanger the company 's functionality for at least 12 months.

2.1 Basis for Consolidation

The Consolidated Financial Statements includes Financial Statements of GFPAA and its subsidiaries: Institute of Professional Accountants Ltd and Journal "Accounting- Reporting" Ltd. It is prepared on the basis of going concern principle and accrual accounting. All intragroup transactions, balances, income and expenses are eliminated in the financial statements.

Information on the subsidiary of GFPAA

##	Name	Main Activity	Place of Registration and Operations	Owned share/voting shares (%)	
				31/12/2020	31/12/2019
1	Institute of Professional Accountants Ltd	Training, re-training of accountants	Georgia	51	51
2	Journal "Accounting-Reporting Ltd	Publishing of a periodical scientific-practical Journal	Georgia	100	20

2.2 Methods used in Preparation of the Consolidated Financial Statements and Assessments

Consolidation Principles

The consolidated financial statement reflects financial information of the GFPAA group as a whole economic entity. In preparing the Consolidated Financial Statements:

(a) Financial Statements of GFPAA and its subsidiary are unified item by item, by summing up similar assets, liabilities, and equity, income and expense items;

On behalf of the management:

Lavrenti Chumburidze — **Qetevan abesalashvili**
Executive Director — **Chief Accountant**

July 27,2021
Tbilisi , Georgia

(b) Balance of the investment by GFPAA in the subsidiary is eliminated as well as share of GFPAA in equity of its subsidiary;

(c) Non-controlling share is assessed and reflected in the reporting period income or loss of the consolidated subsidiary, separately from GFPAA's share;

(d) Non-controlling share in net assets of the consolidated subsidiary is assessed and reflected separately from GFPAA's share

3. Accounting Policy

Income Recognition

Income is recognized by fair value of received or receivable income. It excludes sales discounts as well as discounts for early settlment and batch volume. Income includes only total amount received or receivable under its name.

service fees are recognised based on completion stage of the applicable service contracts, at the end of the reporting period, if it is possible to reliably estimate results of the services rendered. Otherwise income is recognized only in the amount of already recognized expenses.

Income from sale of goods is recognized when the following conditions are met:

(a) the entity transferes to the buyer substantially all risks and rewards of ownership the goods;
(b) the entity does not retain continious menegerial involvement to the level, which is associated with ownership and does not excersize effective control on the goods sold;
(c) Income can be estimated reliably;
(d) It is expected that the entity will receive economic benefit from the operation; and
(e) Reliable estimation of already incurred and future costs related to the operation is possible;

3.2 Financial Instruments

Trade Receivables

Receivables arising from short term credit sales of services to clients is recognized by undiscounted amount of receivable cash with consideration of impairment (the amount is uncollectable).

Receivables from the sale of goods / services on interest-free credit to the customer on different terms from the usual business conditions is recognized at the current selling price of these goods in cash and is valued at amortized cost at the end of the reporting period by the effective interest method, with consideration of impairment (possibility of the amount becoming uncollectable).

On behalf of the management:

Lavrenti Chumburidze — **Executive Director**

Qetevan abesalashvili — **Chief Accountant**

July 27,2021
Tbilisi , Georgia

Trade Payables

Receivables arising from short term credit purchase of goods and services from suppliers is recognized by undiscounted amount of payables to the supplier.

Any change in liabilities arising from supply and services denominated in a foreign currency that results from the change in exchange rate is recognized in profit or loss.

Impairment Loss of Financial Assets

Impairment loss of financial assets measured at amortized cost is difference between the asset's carrying value and present value of estimated cash flows discounted by initial effective interest rate of the asset. When a financial asset has variable interest rate discount rate used for measurement of impairment loss is current effective interest rate set by the agreement.

Impairment loss of financial assets measured at cost reduced by the amount of impairment loss is difference between the asset's carrying value and best estimate (which will be an approximate amount) of the amount that the entity would receive during the reporting period if the asset were sold.

Property, Plant and Equipment

Property, plant and equipment (PPE) is reflected in the balance at purchase cost, reduced by accumulated depreciation and impairment loss. Depreciation is calculated using straight-line depreciation method. Useful life of the property, plant and equipment is defined individually and varies from 2 to 10 years. Depreciation rate by the PPE groups are as follows:

N	Category	Depreciation Rate, %
1	Office equipment	20-30
2	Furniture and fixtures	25-50
3	Vehicles	10-15

If there is any indication that the depreciation rate, the useful life of the asset, or the residual value has changed significantly to reflect new expectations, the depreciation of a given asset will be adjusted prospectively.

Income or loss from derecognation of property, plant and equipment (the difference between the net income and the carrying amount of property, plant and equipment) is recognized in profit or loss for the period and is classified as other income or other expense.

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

Intangible Assets

Intangible assets are measured at cost, reduced by accumulated amortization and accumulated impairment loss.

Amortization is charged on straight line bases for allocation of amortized value on a systemic bases. 15% rate is used to charge annual amortization.

Asset's carrying value, amortization method or usefull life is adjusted prospectively in case of indications of changes in carrying value or useful life of intangible assets.

Inventory

Inventory is measured at the lower of cost and estimated net realization value reduced by completion and selling costs.

Reduction of inventory value represents impairment loss and it is immediately recognized in profit or loss. If the realization value of inventory, reduced by completion and selling costs, is increased during measurement at the next reporting date, then impairment loss is reinstated so that new carrying value is lower of cost and adjusted selling price reduced by completion and selling costs.

When inventory is sold, its carrying amount is recognized as an expense in the period in which the relevant revenue is received.

FIFO formula is used to determine the cost of inventory spent.

Lease

A lease is classified as financial lease if essentially all risks and economic benefits associated with ownership of assets is transferred to the entity. All other leases are classified as ordinary (operational) leases.

Rights to financially leased assets are recognized as the assets of the entity at an amount equal to the fair value of the leased property. (Or, if less than, the discounted value of the minimum lease payments) Which is determined at the beginning of the lease. The corresponding liability to the lessor is reflected in the statement of financial position as a financial lease liability. Lease payments are apportioned between the financial expenses accrued and the reduction in the lease liability so that a fixed interest rate is incurred on the outstanding balance of the liability. Accrued financial expenses are deducted from profit or loss. Finance lease assets are included in property, plant and equipment, they are depreciated and their impairment losses are assessed in the same way as for assets owned by the entity.

Lease payments payable under ordinary leases are reflected in profit or loss on a straight-line method during the relevant lease term.

On behalf of the management:

Lavrenti Chumburidze	**Qetevan abesalashvili**
Executive Director	**Chief Accountant**

July 27,2021
Tbilisi , Georgia

Provisions

Provisions are recognized by the best estimate of the amount that would be required (The amount that the entity would have spent, as resonable possible at the end of the reporting period) to cover this liability for the reporting date.

Impairment of Assets

Property, plant and equipment and intangible assets, are reviewed at each reporting date in order to indentify whether there are indications of impairment of the assets. Recoverable amount is of any asset (or groups of related assets) is estimated if impairment indications exist and then it is compared to its carrying value. If recoverable amount is less then carrying value is reduced to recoverable value and impairment loss is immediately recognized in profit or loss.

If impairment loss is recovered/compensated afterwards then carrying value of asset (or group of similar assets) is increased to adjusted recoverable amount (to adjusted selling price, reduced by completion and selling costs in case of inventory) of the asset but not to the amount, which is higher than the amount that would be defined if impairment loss of the asset (or group of similar assets) were not recognized during previous years. Recovered impairment loss is immediately recognized in profit or loss.

Employee Short Term Benefits

All types of expenditures related to employees short term benefits that employees are entitled to receive for rendering services during the reporting period is recognized as liability and expense (excluding the expenditures, which is recognized in the cost of inventory, property, plant and equipment or other assets).

Amounts recognized as employees short term benefits during the reporting period are measured by undiscounted amount of the short term benefits that are payable to employees for rendering the above mentioned services.

The expected value of accumulating compensated absences are assessed as the undiscounted additional amount that the entity expects to pay for the unused entitlement accumulated at the end of the reporting period.

Foreign Currency Operations

Foreign currency operations are accounted in functional currency at initial recognition. Amount denominated in foreign currency is translated into functional currency using spot exchange rate at the date of the operation.

Cash items denominated in foreign currency are measured using closing exchange rate at the end of the reporting period.

Exchange differences arising from settlement of cash items or from their translation using the exchange rate that is different from the exchange rate used for translation of the items at initial recognition during the period or previous periods is recognized in the reporting period when is arises.

On behalf of the management:

Lavrenti Chumburidze — **Executive Director**

Qetevan abesalashvili — **Chief Accountant**

July 27,2021
Tbilisi , Georgia

Income Tax

The current tax liability (asset) is estimated at the amount that is expected to be paid (reimbursed) in accordance with the taxation principles set out in the Tax Code of Georgia (TCG) and valid by the reporting date.

According to the Tax Code of Georgia , the object of taxation of income tax for the entity is: distributed profit; incurred expense or other payment that is not related to the economic activity; supply of goods/rendering of services free of charge and/or transfer of cash; representation costs above the limits set by the Tax Code.

For the entity that is subject to income tax, along with tax on distributed profit, is taxed as soon as tax object arises and tax liability is recognized at the end of each reporting month. Current tax liability in relation to dividends to be distributed to its partners is measured by using income tax rate on the amount of dividends that is to be distributed until the entity recognizes obligation to pay the dividends.

4. General assumptions and main sources used to assess uncertainty

The useful life of fixed assets

The entity observes factors such as changes in the way the asset is used, significant unforeseen wear and tear, technological advances and changes in market prices that may indicate that the residual value of an asset or its useful life has changed since the last reporting date.If there are any similar signs, the entity will review the previous estimates and if the current estimates differ significantly from previous estimates, change the residual value of the asset, depreciation method or useful life. An entity describes a change in the residual value, depreciation method or useful life of an asset as a change in accounting estimate.

In applying the Company's accounting policy (Note 4), management is required to apply discussion, estimation and assumption to assets and liabilities which value cannot be clearly derived from other sources. Estimations and related assumptions are based on past experience and other relevant factors.

Actual results may differ from current estimates. Evaluations are reviewed periodically. Adjustments resulted from changes in accounting estimates are attributed to the financial results of the period in which those changes are recorded.

The main sources of estimation uncertainty are-

Useful life

Determining the useful life of property, plant and equipment is a matter of reasoning for management, based on their experience with similar assets. In determining the useful life of an asset, management considers expected consumption, technical obsolescence assessment, physical depreciation, and the physical environment in which the asset is used. A change in these circumstances or estimates may result in a correction in future depreciation rates.

Recievables impairment reserve

The Company creates a reserve for the impairment of doubtful receivables to record the estimated losses incurred as a result of customers' inability to make payments. In assessing the adequacy of doubtful debt reserves, management uses the general economic situation, the maturity of accounts receivable, past write-off experience, customer creditworthiness and changes in payment terms as the basis for its assessment.

On behalf of the management:

Lavrenti Chumburidze — **Qetevan abesalashvili**
Executive Director — **Chief Accountant**

July 27,2021
Tbilisi , Georgia

5. Revenue

	December 31,2020	December31,2019
Rendering services	**847303**	**1033578**
Selling of goods	**182237**	**116571**
Other operating income	105,368	125,600
Total revenue	**1,134,908**	**1,275,749**

Realization includes revenue from sale of goods as well as own produce. Teaching process revenue includes all revenues generated from all types of educational programs and examinations of GFPAA and LTD Institute of Professional Accountants.

6. Other Incomes

	December 31,2020	December 31,2019
Membership fee of physical entities	141188	139166
Membership fee of corporate members	89000	92082
Interest Income	60356	68,242
Membership initiation fee	2440	3,640
Contributions	0	14,300
Books purchased for free	23804	7,200
Non-claim income	0	4,267
Other income	31607	500
Total	**348,395**	**329,397**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

7. Other Expenses

	December 31,2020	December 31,2019
Purchased service	318,274	530,984
Tax expense	13,319	20,371
Membership fee paid	15,278	13,372
Written off membership fees	65,664	10,000
Representational expenses	1,736	7,827
Members conference costs	665	5,941
Bad debts	2,350	3,379
Charity and support	2,498	2,313
Non-operating expenses	14	746
Written off carrying amount of PPE	4,891	219
Foreign exchange difference	612	243
Total	**425,301**	**595,395**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
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8. Property ,plant, equipment

Name	Balance at 31.12.2020	Additions	Disposals	Balance at 31.12.2019
cost				
Buildings	662,887	-	-	662,887
Office equipment	184826	2446	10239	192621
Furniture and fixtures	140068	2658	7560	144970
Vehicles	105,775	-	-	105,775
Library	1,329	-	-	1,329
Total	**1094887**	**5105**	**17799**	**1107582**

Depreciation	Balance at 31.12.2020	Accrual	Write-down	Balance at 31.12.2019
Buildings	99117	8244	0	90873
Office equipment	136008	13736	9875	132147
Furniture and fixtures	110317	4409	6178	112086
Vehicles	28875	10,500	-	18375
Library	454	63	-	391
Total	**374771**	**36952**	**16053**	**353872**
Carrying Amount	**720116**			**753710**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
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Initial cost of property, plant and equipment is cash or cash equivalents paid (or to be paid):

a. Purchase price, including legal and broker service cost, import duties and irrevocable purchase payments, excluding trade discounts and rebates;
b. Any expenditure that is directly related to delivery of the asset to its location and condition;
c. Initial estimates of costs related to dismantle of asset, liquidation and restoration that the entity committed at the moment of purchase or afterwards.

As the proceeds from the sale are expected to exceed the carrying amount of the asset and its related liabilities, no impairment losses were recognized.

9. Intangible Assets

Name	Balance at 31.12.20	Additions	Disposals	Balance at 31.12.2019
Cost				
Video lectures	0	-	26076	26,076
License of Strados Studio	5,467			5,467
Accounting software 'Oris'	5,200	0	-	5200
Video lectures administration software	0	-	5000	5,000
Software ICS (management system)	4,450	-	-	4450
Software for recording lectures	0	-	552	552
Total	**15117**	**0**	**31628**	**46745**
Amortization	**Balance at 31.12.2020**	**Accrual**	**Write down**	**Balance at 31.12.2019**
Video lectures	0	1803	24935	23132
License of Strados Studio	3686	203	0	3483
Accounting software 'Oris'	3075	479	-	2596
Video lectures administration software	2818	243	-	2575
Software ICS (management system)	0	499	2997	2498
Software for recording lectures	0	0	551	551
Total	**9579**	**3227**	**28483**	**34835**
Carrying Amount	**5538**	**-**	**-**	**11910**

Amortization of intangible assets is charged using straight-line method, assets are carried at cost reduced by accumulated amortization

10. Inventory

	December 31,2020	December 31,2019
Finished goods, books	149639	196,575

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia

Other inventory	8513	4,578
Goods, audit standards	863	195
Total	**159315**	**201,348**

Books received as contribution and accounting software "Oris" make up the goods balance. Products balance includes – International Financial Reporting Standards, Quality Assurance and Audit Standards and ACCA textbooks, and other inventory consists of stationery and fuel balances of GFPAA and LTD Institute of Professional Accountants.

11. Trade and other Receivables

	December 31,2020	**December 31,2019**
Receivables from members	233,319	239,634
Receivables from supply and services	54,353	45,247
Amount of impairment loss	(47,354)	(89,372)
The carrying amount of trade receivables	**240,318**	**195,509**
Incl. Receivables from related parties	2000	-
Receivables from other parties	238,318	195,509
Prepaid taxes	15,705	18,625
Personnel receivables	308	159
Prepayments	30,067	3,839
Total	**286,398**	**218,132**

12. Cash and cash equivalents

	December 31,2020	**December 31,2019**
Cash at hand	3,097	810
Cash at current accounts in banks	33,516	25,909

On behalf of the management:

Lavrenti Chumburidze **Qetevan abesalashvili**
Executive Director **Chief Accountant**

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Short term bank deposits	720,763	827,705
Overdrafts	-	-
Total	**757,376**	**854,424**

13. Deferred Income

	December 31,2020	December 31,2019
Financial income of next year	-	28,313
	-	-
Total	**-**	**28,313**

14. Trade and other payables

	December 31,2020	December 31,2019
trade payables	20,764	73,217
i.e payables to related parties	5900	
Payable to other suppliers	14864	73,217
Pre-received amounts	121,883	122,600
Other	5,173	3,750
Outstanding salaries	62,773	6,400
Total	**210,593**	**205,967**

Trade payables include Ordinary lease liability

The entity has rented office space under ordinary lease with 5-year remaining lease term. Lease payments are made in fixed amounts. Lease payments recognized as expenses are as follows:

	2020	2019
Short term liability	89760	89760

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Executive Director

Qetevan abesalashvili
Chief Accountant

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At the end of the year the entity has the folowing future minimal lease payment liabilities related to irrevocable ordinary lease agreements:

Not later than one year	74755	74755
After one year but no later than five years	373775	373775
After five years		
Total	488530	488530

15. Tax Liabilities

	December 31,2020	December 31,2019
VAT payable	613	3,301
Payable Income tax	14361	1,456
Payable social fee	1676	0
Payable Property tax	0	349
Total	**16650**	**5,106**

16. business Combinations - Goodwill

Acquisition of Journal "Accounting - Reporting" Ltd

On January 29, 2020, the company acquired a 100% share in Journal "Accounting-Reporting" Ltd. The Journal "Accounting - Reporting" was founded on September 18, 1997, the main activity of which is to publish the monthly Journal "Accounting", to place advertisements in the Journal. The contingent fair values of the Journal 's aggregate identifiable assets and liabilities at the acquisition date were:

	Recognized fair value at acquisition
Current Assets	
Inventory	15,605
Trade and Other Receivables	763
Cash and Cash Equivalents	1,679
Other Current Assets	-
Total Current Assets	**18,046**
Total Assets	**18,046**
Current Liabilities	
Trade and Other Payables	17,506
Current loan payables	-
Tax Liabilities	139

On behalf of the management:

Lavrenti Chumburidze — **Qetevan abesalashvili**
Executive Director — **Chief Accountant**

July 27,2021
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Total Current Liabilities	**17,645**
Total Liabilities	**17,645**
Real value of acquired net assets	**401**
Net assets in real value for the date in 100%	**321**
Given Compensation	6,000
Goodwill	**5,679**

With this acquisition, the company is expanding its business as it sees new opportunities and value creation prospects in this sector of the Georgian economy. The Group believes that this sector has the opportunity to increase operating cash flows. From Management's point of view this acquisition will have a positive impact on the value of the Group.

The main factor that contributed to the cost of business combination, the result from Goodwill was recognized at the time of acquisition is the synergy reflected in the Group operations.

The fee was GEL 6,000 in cash, which was paid in full at the reporting date. After the acquisition, there was no changes in the ownership structure.

17. Related party operations

Related parties or related party transactions are :

(A) the parties, which are directly or indirectly by one or more intermediaries, control, are controlled, or are under joint control with the Company(Including founder company and branches), hold shares in the company, which is the cause of significant influence and have joint control over the company;
(B) key management of the company or of a parent of the company
(C) the family members of listed in (a) or (b);
(D) Parties that are entities, controlled or jointly controlled by the persons listed in (c) or (b); or these persons have significant influence, or the right to vote in these entities is directly or indirectly in the hands of these persons.

The entity considers the related parties:

Subsidiaries - Journal "Accounting - Reporting" Ltd and Institute of Professional Accountants Ltd

Ultimate controlling party- GFPAA

Entities significant influenced by the persons - Consaudi Ltd and Accountants Training Center Ltd

	December 31,2020	December 31,2019
Operations with significantly influenced entities		
Office lease	10170	10170
Amount of unpaid balances:		
Trade Receivables	2000	0
Total Receivables	**2000**	**0**

On behalf of the management:

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Executive Director — **Chief Accountant**

July 27,2021
Tbilisi , Georgia

	December 31,2020	December 31,2019
Operations with significantly influenced entities		
Leasing of training auditoriums	14830	18710
Office lease	60000	60000
Amount of unpaid balances:		
Trade Payables	5900	-
Total Liabilities	**5900**	**-**
The total amount of benefits (compensation) of key management	140 200	138 560

Income received as dividends from subsidiary

Dividend received by GFPAA as an income from the subsidiary amounted to	35700	94350

18. Events after the reporting period

No event that requires disclosures took place after the reporting period.

19. Approval of Financial Statements

The audited consolidated financial statements is signed to issue on July 27, 2021.

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 27,2021
Tbilisi , Georgia