Georgian Federation of Professional Accountants and Auditors (GFPAA)

Independent Auditor's Report

and

Consolidated Financial Statements

for the Reporting Year Ended on

December 31, 2019

Tbilisi

2020

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, 2019, 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, 2019, 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.

Engagement Partner

Lasha Vepkhvadze

On behalf of Intelect Audit

Tbilisi, Georgia

17/07/2020

Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Financial Position as of December 31, 2019
(in GEL)

Assets		December 31 ,2019		December 31 ,2018	
Non-Current Assets					
Property, Plant and Equipment	8	753,711		755,702	
Intangible Assets	9	11,910		18,534	
Investments in Other Entities		400		400	
Total Non-Current Assets			766,021		774,636
Current Assets					
Inventory	10	201,348		189,576	
Trade and Other Receivables	11	218,132		181,296	
Loans Receivable		-		12,570	
Cash and Cash Equivalents	12	854,424		986,699	
Total Current Assets			1,273,904		1,370,141
Total Assets			***2,039,925***		***2,144,777***
Equity and Liabilities					
Capital and Reserves					
GFPAA Development Fund		1,520,205		1,476,759	
Retained Earnings		(56,162)		68,061	
Non-controlling Interest		336,496		402,531	
Total Capital and Reserves			1,800,539		1,947,351
Non-current Liabilities					
Deferred Income Tax		-		-	
Deferred Income	13	28,313		35,932	
Total Non-current Liabilities			28,313		35,932
Current Liabilities					
Trade and Other Payables	14	205,967		150,293	
Tax Liabilities	15	5,106		11,201	
Total Current Liabilities			211,073		161,494
Total Equity and Liabilities			***2,039,925***		***2,144,777***

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

The notes on pages 11-23 form an integral part of these financial statements.

Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Comprehensive Income as of December 31, 2019
(in GEL)

		December 31,2019	December 31,2018
Revenue	5	**1,275,749**	**1,407,501**
Other Income	6	**329,397**	**361,403**
Changes in Inventory Balance		**11,713**	**120,641**
Purchase of Inventory		(95,764)	(93,626)
Salary Expense		(903,567)	(843,062)
Depreciation and Amortization Expense		(45,648)	(40,965)
Other Expense	7	(595,395)	(811,341)
Profit-Loss Before Tax		**(23,515)**	**100,551**
Tax Expense		(32,647)	(32,490)
Net Profit-Loss of the Reporting Period		**(56,162)**	**68,061**
Share of parent company		(80,777)	(22,062)
Non-controlling Interest		24,615	90,123

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

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Georgian Federation of Professional Accountants and Auditors (GFPAA),
Consolidated Statement of Changes in Equity as of December 31, 2019
(*in GEL)*

	GFPAA Development Fund	Non-controlling Interest	Total
Balance at 31.12.2017	***1,566,882***	***415,798***	***1,982,680***
Current period net profit-loss	*(22,062.00)*	*90,123.00*	***68,061***
Dividends issued	-	*(103,390.00)*	***(103,390)***
Balance at 31.12.2018	***1,544,820***	***402,531***	***1,947,351***
Current period net profit-loss	*(80,777.00)*	*24,615.00*	*(56,162.00)*
Dividends issued	-	*(90,650.00)*	*(75,850.00)*
Balance at 31.12.2019	***1,464,043***	***336,496***	***1,800,539***

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

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Georgian Federation of Professional Accountants and Auditors (GFPAA),

Consolidated Cash Flow Statement as of December 31, 2019

(in GEL)

	December 31, 2019	December 31, 2019
Cash Flows from Operating Activities		
Cash receipts from customers	1,453,133	1,632,665
Membership fees	154,300	148,735
Other operating income	*111,586*	*68,472*
Salaries paid	(738,796)	(728,835)
Taxes paid	(452,641)	(468,371)
Payment of administrative and other non-operating expenses	(382,043)	(326,335)
Cash paid to suppliers	(127,821)	(130,519)
Dividends issued	*(86,118)*	*(98,150)*
Rent paid	(18,000)	(88,620)
Membership fees paid	(13,372)	(12,836)
Net cash from operating activities	**(99,772)**	**(3,794)**
Cash flows from investing activities		
Repayment of issued loan	12836	27,300
Proceeds from disposal of non-current assets	0	17,000
Purchase of property, plant and equipment	(45338)	(130,470)
Net cash flows from investing activities	**(32,502)**	**(86,170)**
Net increase in cash and cash equivalents	**(132,275)**	**(89,964)**
Cash and cash equivalents at the beginning of the reporting period	**986,699**	**1,076,662**
Cash and cash equivalents at the end of the reporting period	**854,424**	**986,699**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

The notes on pages 11-23 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. This financial statements represents Annual Consolidated Financial Statements of GFPAA and its subsidiary LTD Institute of Professional Accountants. The institute carries out educational activities

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 headquarters, its subsidiary LTD Institute of Professional Accountants 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.

GFPAA owns shares (20%) also of another legal entity – LTD Accounting Magazine.

2. Basis for preparation of financial statements and accounting policy

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

Georgian Lari is reporting currency. Quantitative data in the financial statements is rounded to the nearest Lari. The reporting period coincides with calendar year.

2.1 Basis for Consolidation

The Consolidated Financial Statements includes Financial Statements of GFPAA and its subsidiary LTD Institute of Professional Accountants. 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.

On behalf of the management:

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

July 17,2020
Tbilisi , Georgia

Information on the subsidiary of GFPAA

##	Name	Main Activity	Place of Registration and Operations	Owned share/voting shares (%)	
				31/12/2019	31/12/2018
1	LTD Institute of Professional Accountants	Training, re-training of accountants	Georgia	51	51

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;

(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

3.1 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

Issued loans:

Receivables related to issued long term and short term loans are recognzed based on present value of the cash receivable (including interest and principal repayments) and at the end of the reporting period it is measured by amortized cost using effective interest rate method, with consideration of impairment (possibility of the amount becoming uncollectable).

Receivables related to issued short term loans are recognzed based on undiscounted value of receivable cash or other type of compensation reduced by impairment if the agreement is not a financial operation by nature.

Receivebles from interest-free or market-rate low-interest loan for empoyees (which is at the same time the related party) is recognized at the present value of future payments,which is discounted at the market interest rate used for a similar debt instrument and is measured at amortised cost at the end of the reporting period by the effective interest method, taking into account impairment (possibility of the amount becoming uncollectable).

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).

Investments in Associates

Investment in associate is accounted using cost model. Investments in associates is measured by accumulated impairment loss reduced by cost

On behalf of the management:

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

July 17,2020
Tbilisi , Georgia

Loans Payables

A long-term loan received from a bank is recognized as a liability at the present value of the payable cash (including principal and interest payable) and is measured at amortized cost at the end of the reporting period using the effective interest method.

Liabilities arising from short-term loans are recognized at the end of the reporting period at the undiscounted amount of cash or of other consideration payable, if the agreement in substance is a financial transaction.

A liability arising from an interest-free or low-interest-rate loan from a related party is recognized at the present value of future payments which is discounted at the market interest rate used for a similar debt instrument and is valued at amortized cost at the end of the reporting period by the effective interest method.

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.

3.3 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

3.4 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.

3.5 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.

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

3.6 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.

3.7 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.

Provisions are adjusted for each reporting date, to reflect the best estimate of the amount that will be required to cover the liability as of the reporting date. The amount of recognition and adjustment of provisions are reflected in profit or loss.

3.8 Impairment of Assets

Property, plant and equipment (that are not accounted in line with revaluation model), intangible assets, investments in associates and investments in joint ventures 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.

3.9 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.

3.10 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.

3.11 Income Tax

Income tax expense is sum of income tax payable during current period and deferred income tax. Current income tax payable is based on taxable profit.

Deferred tax is recognized with regard to the difference between carrying amount of assets and liabilities reflected in the financial statements and their respective tax base (so called temporary difference). Deferred tax liability is recognized for each temporary difference that is expected to increase future taxable profit. Deferred tax assets are recognized are recognized for each temporary difference that is expected to decrease future taxable profit and with regard to unused tax credit as well. Deferred tax assets are measured at maximum possible amount that is more likely to recover based on current taxable profit or future taxable profit.

Net carrying amount of deferred tax assets is reviewed for each reporting date and it is adjusted in order to reflect current assessment of future taxable profit. Any adjustment is recognized in profit or loss.

Deferred tax is calculated using the tax rates, which will probably apply to taxable profit (taxable loss) of the periods, when the entity expects to use deferred tax asset or to pay deferred tax liability and is valid or essentially valid by the reporting date.

Accounting policy related to profit tax is applied in the consolidated financial statements only to the parent company as different approach is used for recognition of profit tax as expense with regard to the subsidiary. Subsidiary recognizes profit tax expense: 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.

On behalf of the management:

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

July 17,2020
Tbilisi , Georgia

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. During the year, the management of the entity increased and reduced the useful life of some property, plant and equipment in accordance with the expected use of the asset.

This change, taking into account these assets will be maintained during their useful life, reducing depreciation costs by GEL 3080 and will increase the carrying amount of assets by the same amount as at the end of the current and next year.

5. Revenue

	December 31,2019	December 31,2018
Rendering services	1,033,578	1,162,730
Selling of goods	116,571	126,290
Other operating income	125,600	118,481
Total revenue	**1,275,749**	**1,407,501**

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 31,2019	December 31,2018
Membership fee of physical entities	123,294	148,802
Membership fee of corporate members	107,954	95,667
Interest Income	68,242	92,369
Membership initiation fee		

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

	3,640	4,065
Contributions	14,300	1,000
Books purchased for free	7,200	-
Non-claim income	4,267	14,005
Other income	500	590
Adjustment of differed income	-	4,905
Total	**329,397**	**361,403**

7. Other Expenses

	December 31,2019	December 31,2018
Purchased service	530,984	535,420
Tax expense	20,371	7,266
Membership fee paid	13,372	12,836
Written off membership fees	10,000	176,632
Representational expenses	7,827	9,081
Members conference costs	5,941	8,618
Bad debts	3,379	446
Charity and support	2,313	1,960
Non-operating expenses	746	590
Written off carrying amount of PPE	219	8,776
Foreign exchange difference	243	840
Adjustment of differed tax active	-	42,582
Income tax paid on behalf of non-resident legal entities	-	913
Income tax on dividends received 5%	-	5,381
Total	**595,395**	**811,341**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

8. Property plant, equipment

Name	Balance at 31.12.19	Additions	Disposals	Balance at 31.12.2018
cost				
Buildings	662,887	-	-	662,887
Office equipment	192,620	34,495	13,369	171,494
Furniture and fixtures	144,970	953	1,176	145,193
Vehicles	105,775	-	-	105,775
Library	1,329	-	-	1,329
Total	**1,107,583**	**35,448**	**14,545**	**1,086,678**

Depreciation	Balance at 31.12.19	Additions	Disposals	Balance at 31.12.2018
Office equipment	132,147	13,269	13,198	132,076
Furniture and fixtures	112,086	5,146	1,128	108,068
Buildings	90,873	8,244	-	82,629
Vehicles	18,375	10,500	-	7,875
Library	391	63	-	328
Total	**353,872**	**37,222**	**14,326**	**330,976**
Carrying Amount	**753,711**			**755,702**

On behalf of the management:

Lavrenti Chumburidze
Executive Director

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Chief Accountant

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Initial cost of property, plant and equipment is cash or cash equivalents paid (or to be paid) for purchase of the asset at the moment of purchase or fair value of transferred compensation. The following items are considered in measurement of initial cost:

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.

9. Intangible Assets

Name	Balance at 31.12.19	Additions	Disposals	Balance at 31.12.2018
Cost				
Video lectures	26,076	-	-	26,076
License of Strados Studio	5,467			5,467
Accounting software 'Oris'	5,200	1,800	-	3,400
Video lectures administration software	5,000	-	-	5,000
Software ICS (management system)	4,450	-	-	4,450
Software for recording lectures	552	-	-	552
Total	**46,745**	**1,800**	**-**	**44,945**
Amortization	**Balance at 31.12.19**	**Additions**	**Disposals**	**Balance at 31.12.2018**
Video lectures	23,132	6,889	-	16,243
Software ICS (management system)	3,483	203		3,280
License of Strados Studio	2,596	478	-	2,118
Accounting software 'Oris'	2,575	256	-	2,319
Video lectures administration software	2,498	500	-	1,998
Software for recording lectures	551	98	-	453
Total	**34,835**	**854**	**-**	**26,411**
Carrying Amount	**11,910**	**-**	**-**	**18,534**

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

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia

10. Inventory

	December 31,2019	December 31,2018
Finished goods, books	196,575	106,723
Other inventory	4,578	76,968
Goods, audit standards	195	5,885
Total	**201,348**	**189,576**

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 31,2019	December 31,2018
Receivables from members	*239,634*	*246,482*
Receivables from supply and services	45,247	54,441
Adjustment of the doubtful receivables (membership)	(89,372)	(151,247)
Personnel receivables	159	-
Prepayments to suppliers	3,839	12,597
Prepaid taxes	18,625	19,023
Total	**218,132**	**181,296**

Trade receivables include ordinary lease receivable

Future minimum lease payments payable under non-cancellable operating lease by periods are:

	2019 Year	2018 Year
Not later than one year	467	466
After one year but no later than five years	1,864	1,864
After five years	-	-
Total	**2,331**	**2,330**

On behalf of the management:

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Executive Director

Qetevan abesalashvili
Chief Accountant

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12. Cash and cash equivalents

	December 31,2019	December 31,2018
Cash at hand	810	2,081
Cash at current accounts in banks	25,909	26,965
Short term bank deposits	827,705	957,653
Overdrafts	-	-
Total	**854,424**	**986,699**

13. Deferred Income

	December 31,2019	December 31,2018
Financial income of next year	28,313	35,932
	-	-
Total	**28,313**	**35,932**

14. Trade and other payables

	December 31,2019	December 31,2018
Advances received	122,600	110,220
Liabilities for supplies and services received	73,217	32,403
Outstanding salaries	6,400	2,400
Other liabilities	3,750	5,270
Total	**205,967**	**150,293**

Ordinary lease liability included under trade payables

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:

On behalf of the management:

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Executive Director

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Chief Accountant

July 17,2020
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	2019 Year	2018 Year.
Short term liability	89760	89760

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 31,2019	December 31,2018
VAT payable	3,301	7,815
Income tax payable	1,456	3,103
Property tax payable	349	283
Total	**5,106**	**11,201**

16. Related party transaction

	December 31,2019	December 31,2018
Total amount of compensation for the highest rank managers of GFPAA	102313	97430
Total amount of compensation for the highest rank managers of the subsidiary	93825	83640
Income Received as Dividends from the Subsidiary		
Dividend received by GFPAA as income from the subsidiary amounted to	94350	107610

On behalf of the management:

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Executive Director

Qetevan abesalashvili
Chief Accountant

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17. Events after the reporting period

In order to prevent the spread of coronavirus (COVID-19) in Georgia, on March 21, 2020, the Government of Georgia issued the ordinance №181 „On the Approval of Measures to be Implemented in connection with the Prevention of the Spread of the Novel Coronavirus (COVID-19) in Georgia, which partially restricted the activities of the company. During the state of emergency, the company approved the action plan with COVID-19 and at this stage ensured the continuation of processes in compliance with strict safety procedures and continued to provide services to the customers. Because the number of these uncertain variables and assumptions is large, management can't make a reliable estimate of the amounts that could affect the company's results. However, the company's management believes that despite the impact of COVID 19, functioning of the GFPAA won't be endangered, because it has the appropriate financial reserve. Also, the guarantee of GFPAA's financial stability is the value of net assets and high level of liquidity.

18. Approval of Financial Statements

The audited consolidated financial statements is signed to issue on July 17, 2020.

On behalf of the management:

Lavrenti Chumburidze
Executive Director

Qetevan abesalashvili
Chief Accountant

July 17,2020
Tbilisi , Georgia