«WIKIMEDIA ARMENIA» SCIENTIFIC-EDUCATIONAL

Non-Governmental Organization

FINANCIAL STATEMENTS

For the year ended 31 December 2019

INDEPENDENT AUDITOR'S REPORT

To the Management of
«Wikimedia Armenia» Scientific-Educational NGO

Opinion

We have audited the accompanying financial statements of «Wikimedia Armenia» Scientific-Educational Non-Governmental Organization (the «Company»), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of, the financial position of the Company 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 (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' "Code of Ethics for Professional Accountants (IESBA Code)", and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company'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.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

«Trust Audit» CJSC
Director Hayk Margaryan

Audit manager
Armen Azizyan

February 17, 2020
Yerevan

«Wikimedia Armenia» Scientific-Educational NGO
Statement of financial position
For the year ended December 31, 2019

In thousand drams	Note	As of December 31, 2019	As of December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,107	16,816
Intangible assets		163	185
Total non-current assets		**18,270**	**17,001**
Current assets			
Trade and other receivables	5	3,089	299
Cash and cash equivalents	6	17,600	41,934
Total current assets		**20,689**	**42,233**
TOTAL ASSETS		**38,959**	**59,234**
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated results		3,301	422
Total net assets		**3,301**	**422**
Non-current liabilities			
Grants related to assets	7	18,270	17,001
Total non-currents liabilities		**18,270**	**17,001**
Current liabilities			
Trade and other payables	8	1,951	2,698
Grants related to income	7	15,437	39,113
Total current liabilities		**17,388**	**41,811**
TOTAL LIABILITIES AND NET ASSETS		**38,959**	**59,234**

The financial statements were approved by February 17, 2020.

President
Susanna Mkrtchyan

T.M

Chief Accountant
Tigran Martirosyan

The Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 22.

«Wikimedia Armenia» Scientific-Educational NGO
Statement of comprehensive income
For the year ended December 31, 2019

In thousand drams	Note	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from services	9	-	15,359
Cost of sales		-	(15,359)
Income from grants	10	158,975	159,829
Income from donations	11	13,933	2,838
Grant expenses	12	(168,598)	(161,906)
Administrative expenses		(36)	(335)
Other operating income		-	10
Other operating expenses		(455)	(415)
Profit from operating activities		**3,819**	**21**
Foreign currency exchange gain / (loss), net	13	(940)	244
Profit before income tax		**2,879**	**265**
Income tax expense		-	-
Profit before income tax		**2,879**	**265**
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		**2,879**	**265**

The statement comprehensive income is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 22.

In thousand drams	Accumulated results	Total
As of 1 January 2018	**157**	**157**
Profit for the year	265	265
Other comprehensive income	-	-
Total comprehensive income for the year	265	265
As of 31 December 2018	**422**	**422**
Profit for the year	2,879	2,879
Other comprehensive income	-	-
Total comprehensive income for the year	2,879	2,879
As of 31 December 2019	**3,301**	**3,301**

The statement of changes in net assets is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 22.

In thousand drams	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities		
Donations received	13,933	2,838
Grants received	135,425	173,130
Cash inflow from services	-	15,390
Repayment of provided cash on hand	596	735
Return of incorrectly charged fund	-	12,150
Returns of grant	(779)	-
Cash paid to employees	(66,571)	(64,922)
Cash paid to suppliers	(94,253)	(108,899)
Provided cash on hand	(5,382)	(6,205)
Payments to the State budget	(34)	(5,165)
Other operating payments	(455)	(414)
Net cash flows from operating activities	**(17,520)**	**18,638**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,874)	(10,824)
Net cash flows from investing activities	**(5,874)**	**(10,824)**
Cash flows from financing activities		
-	-	-
Net cash flows from financing activities	-	-
Net cash flows of cash and cash equivalents	**(23,394)**	**7,814**
Cash and cash equivalents at the beginning of the year	41,934	33,876
Foreign exchange effect on cash	(940)	244
Cash and cash equivalents at the end of the year	**17,600**	**41,934**

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 22.

In thousand drams	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows from operating activities		
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1. Nature of operations and general information

«Wikimedia Armenia» Scientific-Educational NGO was registered on 14 May, 2013 by the Central body of the Ministry of Justice of RA (Registration Number 211.171.767514, Certificate 03Ս917514, tax code 00123832).

«Wikimedia Armenia» does not operate for the profit. In the Organization individuals are teamed up on the basis of their interests in the order of community, established by law, to meet their non-religious, spiritual and material needs, to protect their own and others' rights and interests of society, to promote tangible and intangible support for individual Organizations, and to realize the goals of other socially useful activities. The Organization works according to the Constitution of RA, to the legislation of RA, on the basis of other normative acts, international agreements of RA. The principles of the Organization are voluntary membership, equality of members, self-management, collegiality and transparency. The Organization does not pursue political goals and is not adjacent to any political wing. The Organization operates throughout the territory of Armenia and in foreign countries in accordance with the laws of these countries.

The Organization's goal is to support:

- knowledge and education in Armenia by creating and distributing free content
- ensuring equal access to knowledge
- support the acquisition of free server content and distribution especially through various projects of Wikimedia Foundation
- discuss and research free content in social, cultural and practical aspects
- higher goals aimed at volunteer work
- the wiki-technology, implementation and distribution in Armenia
- to organize the Wiki-conference
- Wiki-introduction of innovative technologies in education.

The average number of employees of the Organization during 2019 was 10 employees (2018: 10 employees).

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The national currency of RA is the Armenian Dram (AMD), which is the Company's functional and presentation currency. All financial information presented in AMD has been rounded to the nearest thousand.

2.4 Going concern

A company shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.5 Use of estimates and judgment

The preparation of financial statements in conformity with IFRS 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. Although these estimates are based on the best knowledge of management on current events and actions, the actual results may differ from those estimates.

2.6 Reclassificaton

The comparative amounts have been adjusted where nesessary in order to ensure the comparability with the presentation changes of current year.

2.7 Adoption of new and revised standards

During current year the Company has adopted all new and revised standards and interpretations applicable to its operations and effective for annual periods beginning on or after 1 January 2019, which have been published by the International Accounting Standards Board (IASB) and IASB Interpretation Committee.

The nature and effect of these changes as a result of the adoption of these new standards are described below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2019

IFRS 16 Leases

IFRS 16 presents new requirements and amendments to the accounting of leases. IFRS 16 will require lessees to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability.

IFRS 16 also:

- changes the definition of a lease;
- sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- provides exemptions for short-term leases and leases of low value assets;
- changes the accounting for sale and leaseback arrangements;
- largely retains IAS 17's approach to lessor accounting;
- introduces new disclosure requirements.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under IAS 12, in particular

(i) whether uncertain tax treatments should be considered separately,

(ii) assumptions for taxation authorities' examinations,

(iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates, and

(iv) effect of changes in facts and circumstances.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Organization

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

Annual Improvements 2015-2017

The Annual Improvements 2015-2017 made several minor amendments to a number of IFRSs. The amendments relevant to the Organization are summarized below:

IAS 23 Borrowing Costs: Borrowing costs eligible for capitalization

IAS 23.14 specifies how to determine the amount of borrowing costs eligible for capitalization when an entity borrows funds generally and uses them to obtain a qualifying asset.

IAS 23 requires an entity, when determining the funds that it borrows generally, to exclude "borrowings made specifically for the purpose of obtaining a qualifying asset". The IASB observed that an entity might misinterpret those words to mean that funds borrowed generally would exclude funds outstanding that were originally borrowed specifically to obtain a qualifying asset that is now ready for its intended use or sale. The amendments therefore clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of the funds that it has borrowed generally. The amendments are to be applied prospectively (i.e. only to borrowing costs incurred on or after the beginning of the annual reporting period in which the amendments are first applied) as the costs of gathering the information required to capitalize borrowing costs retrospectively may exceed the potential benefits.

IAS 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

3. Significant accounting policies

3.1 Property, plant and equipment

Property, plant and equipment stated at cost

Property, plant and equipment such as buildings and constructions, computer equipment, machinery and equipment, furniture and fittings 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, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

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.

Expenditure to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the statement of comprehensive income as incurred.

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:

Buildings and constructions	- 20 years
Machinery and equipment	- 5-8 years
Computer equipment	- 1 years
Furniture and fixtures	- 5- 8 years

3.2 Intangible assets

Intangible assets, which are acquired by the Organization and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to comprehensive income or is added to the cost of other asset on a straight line basis over the estimated useful lives of the intangible assets.

Estimated useful lives of the intangible assets are presented below.

Computer software	- 10 years

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and cash-in-transit.

For the purpose of the statement of cash flows, cash and cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company classifies investments as cash and cash equivalents if that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

3.4 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Organization becomes a part to the contractual provisions of the financial instrument.
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.
Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Organization does not have any financial assets categorized as FVOCI. The classification is determined by both:

- the Organization's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Organization's financial assets by category is given in note 16.

Subsequent measurement of financial assets

Financial assets at amortised cost

A financial asset can only be measured at amortised cost if both of the following are satisfied:

- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. In cases where the effect of the discount is immaterial, the discount does not apply. This category of financial instruments comprises the Company's cash and cash equivalents, trade receivables and most other receivables.

Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised 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 Company always recognises 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 Company'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 Company recognises 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 Company 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.

Trade and other receivables

The Organization makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Organization uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.
The Organization's financial liabilities include loans and borrowings, trade and other payables and finance lease liabilities. A summary of the Group's financial liabilities by category is given in note 16.

Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of issuance costs associated with the borrowing. The difference between fair value and nominal value is recognized in comprehensive income, except when the borrowing was received from the owners. In this instance the difference between fair value and nominal value is recognized in equity as additional capital. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value recognized in comprehensive income over the period of the borrowings on an effective interest basis. Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance expenses, except for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of that asset.

Trade and other payables

Trade and other payables are stated at fair value and subsequently stated at amortized cost.

3.5 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.
Gains and losses resulting from the translation of trading assets are recognised in the statement of income in net trading income.

Foreign currency	*31.12.2019*	*31.12.2018*
1 EUR	537.26 AMD	553.65 AMD
1 USD	7.77 AMD	6.97 AMD
1 RUB	479.70 AMD	483.75 AMD

3.6 Profit taxes

Current 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 calculated in respect of temporary differences using the liability method.
Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

An entity offsets current tax assets and current tax liabilities if, and only if, the company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.7 Provisions

A provision shall be recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the effect of the time value of money is material, the amount of a provision shall be the present (discounted) value of the expenditures expected to be required to settle the obligation.

3.8 Employee Benefits

When an employee has rendered service to the company during an accounting period, the company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the company shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (see, for example, IAS 2 Inventories and IAS 16 Property, Plant and Equipment).

The company recognises the expected cost of short-term employee benefits in the form of compensated absences as follows:

a. in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and

b. in the case of non-accumulating compensated absences, when the absences occur.

3.9 Revenue from Contracts with Customers

This standard has been put into discussion in 2008 for the first time. The final version has been issued on May 2014.

IFRS 15 Revenue from Contracts with Customers when effective must replace the guidance and interpretations to the following standards IAS 18 Revenue and IAS 11 Construction contracts.

The essential principle of the IFRS 15 Revenue from Contracts with Customers is that the entity must recognize revenue to depict the transfer of goods or services to customers specified in contract in an amount that reflects the consideration to which the entity expects to be entitled or collect in exchange for those goods or services.

The new standard provides a single, principles based five-step model to be applied to all contracts with customers. Effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The principles in IFRS 15 will be applied using a five-step model:

Step 1. Identify the contract(s) with a customer,

Step 2. Identify the performance obligations in the contract,

Step 3. Determine the transaction price,

Step 4. Allocate the transaction price to the performance obligations in the contract,

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

3.10. Grants

Grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to the result of year on a systematic basis over the useful lives of the related assets.

Other grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized as income in the period in which they become receivable.

Donations received as financial aid are recognized in the period in which the Company receives it.

4 Property, plant and equipment

In thousand drams	Leashold improvement	Computer equipment	Machinery and equipment	Furniture and fittings	Total
Cost					
As of 1 January 2018	**5,713**	**10,143**	**2,000**	**4,032**	**21,888**
Additions	-	7,225	251	3,484	**10,960**
As of 31 December 2018	**5,713**	**17,368**	**2,251**	**7,516**	**32,848**
Additions	-	4,149	-	1,726	**5,875**
As of 31 December 2019	**5,713**	**21,517**	**2,251**	**9,242**	**38,723**
Accumulated depreciation					
As of 1 January 2018	**2**	**9,649**	**137**	**31**	**9,819**
Charge for the year	286	4,859	274	794	**6,213**
As of 31 December 2018	**288**	**14,508**	**411**	**825**	**16,032**
Charge for the year	286	3,002	274	1,022	**4,584**
As of 31 December 2019	**574**	**17,510**	**685**	**1,847**	**20,616**
Carrying amount					
As of 31 December 2018	**5,425**	**2,860**	**1,840**	**6,691**	**16,816**
As of 31 December 2019	**5,139**	**4,007**	**1,566**	**7,395**	**18,107**

None of the Company's property and equipment have been pledged as a security as of the reporting date.

Property, plant and equipment with a cost of drams 17,367 thousand are accounted for at zero carrying amount as of December 31, 2019 (December 31, 2018: drams 10,143 thousand).

Depreciation expense has been charged to grant expenditures.

5 Trade and other receivables

in thousand drams	As of December 31, 2019	As of December 31, 2018
Receivables from grants	1,921	-
Receivables from the State budget	-	25
Advances for services	1,164	274
Advances for goods	4	-
Total	**3,089**	**299**

6 Cash and cash equivalents

In thousand drams	As of December 31, 2019	As of December 31, 2018
Cash on hand	-	50
Current bank accounts	17,600	41,884
Total	**17,600**	**41,934**

7 Grants

In thousand drams	As of December 31, 2019	As of December 31, 2018
Grants related to assets		
Balance at the beginning of year	**17,001**	**12,276**
Additions	5,875	10,960
Recognised as income	(4,606)	(6,235)
Balance at the end of year	**18,270**	**17,001**
Grants related to income		
Balance at the beginning of year	**39,113**	**34,239**
Additions	129,550	162,170
Grant funds returned	(778)	-
Movement of grants receivable	1,921	(3,701)
Recognised as income	(154,369)	(153,595)
Balance at the end of year	**15,437**	**39,113**

Grants were received from defferent companies for statutory purposes. There are not any unfulfilled conditions in respect of grants.

8 Trade and other payables

In thousand drams	As of December 31, 2019	As of December 31, 2018
Trade payables	564	352
Payables for the unused paid leave	1,355	2,346
Payables on the budget	32	-
Total	**1,951**	**2,698**

9 Revenue from services

Within the framework of Yerevan's 2800th anniversary events in 2018, the Company has organized "Wiki loves Yerevan" events, which was a one-off event. No such services were provided during 2019.

10 Income from grants

In thousand drams	Year ended 31 December 2019	Year ended 31 December 2018
Grants related to income	154,369	153,595
Grants related to assets	4,606	6,234
Total	**158,975**	**159,829**

11 Donations received

Donations received are received funds from individuals and legal entities to ensure the Company's main activities and statutory goals.

12 Grant expenses

In thousand drams	Year ended 31 December 2019	Year ended 31 December 2018
Employee benefit expenses	65,621	59,950
Depreciation and amortization	4,606	6,234
Office expenses	16,524	15,316
Teacher training courses	8,123	10,662
Camping expenses	42,779	35,248
Workshop organization expenses	8,829	14,564
Organizations of events	5,942	4,266
Conference participation expenses	8,599	8,900
Western Armenian Wikipedia project expenses	2,170	1,085
Forum organizing expenses	1,667	-
Website preparation expenses	-	580
Other expenses	3,738	5,101
Total	**168,598**	**161,906**

13 Foreign currency exchange gain / (loss), net

In thousand drams	Year ended 31 December 2019	Year ended 31 December 2018
Foreign currency exchange gain		
Cash and cash equivalents	544	244
	544	**244**
Foreign currency exchange loss		
Cash and cash equivalents	(1,484)	-
	(1,484)	-
Foreign currency exchange gain / (loss), net	**(940)**	**244**

14 Operating lease

The company has no non-cancellable operating lease agreements.

15 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

15.1 Critical accounting estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

16 Financial instruments

16.1 Significant 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 equity instrument are disclosed in note 3.4.

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, 2019	As of December 31, 2018
Financial assets measured at amortised cost		
Trade and other receivables	1,921	25
Cash and cash equivalents	17,600	41,884
Total	**19,521**	**41,909**

Financial liabilities

In thousand drams	As of December 31, 2019	As of December 31, 2018
Financial liabilities measured at amortised cost		
Trade and other payables	596	352
Total	**596**	**352**

17 Financial risk management

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.
The most significant financial risks to which the Company is exposed are described below.

Financial risk factors

a) Market risk

Company is exposed to market risk through its use of financial instruments, which result from its operating activities.

✓ ***Foreign currency risk***

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exposures to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in Euro.

Foreign currency denominated financial assets which expose the Company to currency risk at the reporting date are presented below:

As of December 31, 2019	US dollar	Euro	RUB
Financial assets			
Cash and cash equivalents	13,516	2	2
	13,516	**2**	**2**

As of December 31, 2018	US dollar	Euro	RUB
Financial assets			
Cash and cash equivalents	40,287	2	2
	40,287	**2**	**2**

The following table details the Company's sensitivity to a 10% (2018: 10%) increase and decrease in dram against US dollar, Euro an RUB. 10% (2018: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2018: 10%) change in foreign currency rates.

If Armenian dram had strengthened against US dollar, RUB and Euro by 10% (2018: 10%) then this would have had the following impact:

In thousand drams	US dollar impact		EUR impact		RUB impact	
	2019	2018	2019	2018	2019	2018
Comprehensive income	1,352	4,029	-	-	-	-

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The effect of this risk for the Company arises from different financial instruments, such as accounts receivable and cahs and cash equivalents.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks. At the reporting date there was no significant concentration of credit risk in respect of trade and other receivables. The maximum exposure to credit risk is represented by the carrying amounts of the following financial instruments.

In thousand drams	As of December 31, 2019	As of December 31, 2018
Financial assets at carrying amounts		
Trade receivables	1,921	25
Bank balances	17,600	41,884
Total	**19,521**	**41,909**

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations.

The Company'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 measurement

The Group provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19 Contingencies

19.1 Business environment

Armenia continues to undergo political and economic changes. As an emerging market, Armenia does not possess a developed business and regulatory infrastructure that generally exists in a more mature free market economy. In addition, economic conditions continue to limit the volume of activity in the financial markets, which may not be reflective of the values for financial instruments. The main obstacle to further economic development is a low level of economic and institutional development, along with a centralized economic base, regional instability and international economic crisis.