Financial Statements

AS24 Georgia LLC

31 December 2020

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Statement of Financial Position

GEL	Note	31-Dec 2020	31-Dec 2019	31-Dec 2018
Assets				
Non-current assets				
Property, plant and equipment	4	10,971	17,529	29,474
Total non-current assets		**10,971**	**17,529**	**29,474**
Current assets				
Prepayments	5	20,857	5,946	132,321
Inventories		8,859	8,895	8,298
Trade and other receivables	6	533,256	517,646	317,128
Cash and cash equivalents	7	2,455,947	1,729,004	1,275,449
Total current assets		**3,018,919**	**2,261,491**	**1,733,195**
TOTAL ASSETS		**3,029,890**	**2,279,020**	**1,762,669**
Liabilities and Equity				
Equity				
Charter Capital		1	1	1
Retained Earnings		637,879	391,889	298,541
TOTAL EQUITY		**637,880**	**391,890**	**298,542**
Current liabilities				
Short-term borrowings	8	1,892,983	1,510,086	1,444,498
Trade and other payables	9	496,261	373,052	19,488
Tax payable		2,766	3,992	142
Total current liabilities		**2,392,010**	**1,887,130**	**1,464,127**
TOTAL LIABILITIES		**2,392,010**	**1,887,130**	**1,464,127**
TOTAL LIABILITIES AND EQUITY		**3,029,890**	**2,279,020**	**1,762,669**

Signature

Director 

Statement of Comprehensive Income

GEL	Notes	Year 2020	Year 2019
Revenue	10	3,703,738	3,641,552
Cost of sales	11	(3,321,654)	(3,367,890)
Gross profit		**382,084**	**273,662**
General and administrative expenses	12	(265,942)	(158,111)
Total Operating Expenses		**(265,942)**	**(158,111)**
Profit from operations		**116,142**	**115,551**
Finance expense		(1,677)	(1,489)
Net foreign exchange gain/(loss)	13	131,525	(20,714)
Profit before tax		**245,990**	**93,348**
Profit tax expense		-	-
Net profit for the period		**245,990**	**93,348**
Other comprehensive income		-	-
Total other comprehensive income for the period		**245,990**	**93,348**

Signature

Director 

Statement of Changes in Equity

GEL	Charter Capital	Retained Earnings	Total Equity
As of January 2019	**1**	**298,541**	**298,542**
Profit/(loss) for the period	-	93,348	93,348
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	93,348	93,348
As of December 2019	**1**	**391,889**	**391,890**
Profit/loss for the period	-	245,990	245,990
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	245,990	245,990
As of December 2020	**1**	**637,879**	**637,880**

Signature

Director

Statement of Cash Flows

GEL	Year 2020	Year 2019
Cash Flows from operating activities		
Profit for the year	245,990	93,348
Adjustments to the following articles:		
Depreciation and amortization	6,558	11,945
Finance expense	1,677	1,489
Net foreign exchange (gain)/loss	(131,525)	20,714
	122,700	**127,496**
Change in Trade and Other Receivables	87,342	(185,996)
Change in Prepayments	(14,911)	126,375
Change in Inventories	36	(598)
Change in Trade and Other Payables	118,708	353,487
Change in Payables to the State Budget	(1,226)	3,850
Cash Generated from Operations	**312,649**	**424,614**
Paid interests	(1,677)	(1,489)
Net Cash From Operating Activities	**310,972**	**423,125**
Cash Flows From Financing Activities		
Received Loan	(3,156)	(507)
Net Cash Used In Financing Activities	**(3,156)**	**(507)**
Net Increase in Cash and Cash Equivalents	**307,816**	**422,618**
Foreign exchange effect on cash	419,127	30,937
Cash and Cash Equivalents at The Beginning of The Period	1,729,004	1,275,449
Cash and Cash Equivalents at The End of The Period	**2,455,947**	**1,729,004**

Signature

Director 

Notes to the Financial Statements

1. Nature of operations and general information

AS24 is a limited liability company registered in Georgia. The legal address and main place of business of the company is Georgia. Its main activity is wholesale trade in diesel fuel.

Business environment

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

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

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

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

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

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

2. Basis of preparation

2.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for small and medium-sized entities ("IFRS for SMEs") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the assumption that the Company operates on a going concern basis.

2.2. Basis of measurement

The financial statements have been prepared on an accruals basis and under the historical cost convention.

2.3. Functional and presentation currency

The national currency of Georgia is the Georgian lari ("Georgian lari"), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company. These financial statements are presented in Georgian lari (unless otherwise stated), since management believes that this currency is more useful for the users of these financial statements.

2.4. Use of estimates and judgment

The preparation of financial statements in conformity with IFRS for SMEs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant accounting policies

3.1. Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the National Bank of Georgia 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 National Bank of Georgia prevailing on the reporting date, which is 3.2766 Georgian lari for 1 US dollar and 4.0233 Georgian lari for 1 euro as of 31 December 2020 (31 December 2019: 2.8677 Georgian lari for 1 US dollar and 3.2095 Georgian lari for 1 euro). Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

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

3.2. Property, plant and equipment

Property, plant and equipment 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.

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 profit or loss as incurred.

Depreciation is charged to profit or loss or is added to the cost of other asset 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:

Machinery and equipment - 8 - 10 years

3.3. Impairment of property, plant and equipment

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

3.4. Inventories

Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

According to Company's policy at the end of each day carrying amount of finished goods are written off and loss is recognized immediately in profit or loss.

3.5. Financial instruments

Financial Instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss) If however, the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

After initial recognition they are measured at amortized cost using the effective interest method.

Trade and other receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms receivables are measured at amortized cost using the effective interest method, less provision for impairment. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

The Company's financial liabilities include borrowings and trade and other payables.

Trade and other payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are on normal credit terms and do not bear interest.

Borrowings

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

3.6. Equity

Charter capital represents contributions by the shareholders to the Company's charter. The amount of Company's stated charter capital is determined by the Company's shareholders. The changes in the Company's stated capital shall be made only based on the decision of the Company's shareholders.

Accumulated profit/(loss) include all current and prior period retained profits.

3.7. Income tax

Current taxation model effective in Georgia since 1 January 2017 (the "Estonian model of corporate taxation") implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings. As a result, starting 1 January 2017 companies pay corporate income tax on earnings distribution (profit distributed to shareholders as dividends) and on individual transactions that may be considered as indirect distribution of earnings (benefits, gifts, payments, non-arm's length cross-border transactions with related parties, expenses not related to economic activities, etc).

The corporate income tax arising from distribution of dividends is recognized as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are distributed. The tax rate is 15/85 of the amount of net distribution.

According to the current concept of corporate income taxation, there are no temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Therefore, deferred tax assets and liabilities, as defined in IAS 12 Income Taxes, are not formed subsequent to 1 January 2017.

3.8. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales/value-added tax, returns, rebates and discounts. The Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

4. Property and Equipment

Historical Cost	Machinery and Equipment
Historical Cost 01.01.2019	90,643
Additions	-
Disposals	-
As of 31 December 2019	**90,643**
Accumulated Depreciation	
Accumulated Depreciation 01.01.2019	61,169
Depreciation for the year	11,945
As of 31 December 2019	**73,114**
Net Book Value	
Net book value 01.01.2019	**29,474**
Net book value 31.12.2019	**17,529**
Historical Cost	
Historical Cost 01.01.2020	90,643
Additions	-
Disposals	-
As of 31 December 2020	**90,643**
Accumulated Depreciation	
Accumulated Depreciation 01.01.2020	73,114
Depreciation for the year	6,558
As of 31 December 2020	**79,672**
Net Book Value	
Net book value 01.01.2020	**17,529**
Net book value 31.12.2020	**10,971**

In the reporting year of 2020, some of fixed assets are fully depreciated. these assets amount is equal to GEL 65,893. So, the amortization figures between 2019 and 2020 does not match.

5. Prepayments

In 2019, the company's pre-expenditures amounted to GEL 5,946 and in 2020 it was GEL 20,857. Prepaid expenses for both years include paid insurance premiums. The insurance package includes insurance for petrol stations, as well as risks and liability insurance.

6. Trade and Other Receivables

At the end of the 2019 reporting period, the Company had short-term receivables of GEL 517,646 and in 2020 this amounted GEL 533,256. These figures arose as part of its economic activities, with the supply of fuel. Receivables are reimbursed twice a month, on the 15th and 30th.

7. Cash and Cash Equivalents

GEL	31-Dec 2020	31-Dec 2019
Cash on hand in national currency	571	644
Cash at bank in national currency	15,362	56,587
Cash at bank in foreign currency	2,440,014	1,671,773
Total Cash and Cash Equivalents	**2,455,947**	**1,729,004**

8. Short-term borrowings

GEL	31-Dec 2020	31-Dec 2019
Outstanding principal amount	1,890,951	1,508,465
Interest payable	2,032	1,621
Total Short-term borrowings	**1,892,983**	**1,510,086**

The company received the loan from head office – AS24 France since 2012 total amount EUR 470,000. But, the company does not have loans schedule and the company does not know when it will repay the loan. Hence, this is classified as Short-term borrowings.

9. Trade and Other Payables

GEL	31-Dec 2020	31-Dec 2019
Trade payables	471,952	370,163
Other payables	24,309	2,889
Total Trade and Other Payables	**496,261**	**373,052**

The current liabilities of the company at the end of the reporting period 2019 are GEL 373,052 and in 2020 GEL 496,261. These liabilities include liabilities arising from supply and services as well as tax liabilities. Liabilities are reimbursed twice a month, on the 15th and 30th.

10. Revenue

GEL	Year 2020	Year 2019
Revenue	3,726,906	3,643,770
Returns and discounts	(23,168)	(2,218)
Total Revenue	**3,703,738**	**3,641,552**

In the reporting period of 2019, the revenue from the sale of fuel amounted to GEL 3,643,770, however, taking into account the discounts (2,218 GEL), the revenues of the company amounted to GEL 3,641,552. As for the 2020 reporting year, revenue amounted GEL 3,726,906 and discounts amounted GEL 23,168, thus total revenue for the year equal GEL 3,703,738.

11. Cost of Sales

As cost of sales represents the direct costs related to the manufacturing of goods/services that are sold to customers, in 2019 it amounted GEL 3,367,890 and in 2020 GEL 3,321,654. These figures include the cost of fuel sold, which is calculated according to the weighted average method.

12. General and Administrative Expenses

GEL	Year 2020	Year 2019
Commission expense	80,109	16,539
Insurance expenses	50,185	25,125
Consulting - Accounting&Legal services	40,127	51,908
Abonnement Licennce Expenses	32,123	-
Forecast for reinvoicing cost to subsidiares	12,955	11,438
Management fee	12,808	9,507
Internet expense	12,203	12,203
Depreciation expenses	6,558	11,944
Transportation expenses	4,923	3,638
Rent expenses	3,830	3,464
CMTM cost for ASET retrocommission	3,603	-
Card fees cost	2,130	-
Repair expense	985	9,905
Bank charges	544	872
Taxes, other then income tax	235	998
Other expenses	2,624	570
Total General and Administrative Expenses	**265,942**	**158,111**

13. Net foreign exchange gain/(loss)

GEL	Year 2020	Year 2019
Foreign Exchange gain	1,084,281	357,013
Foreign Exchange loss	(952,756)	(377,727)
Total Net Foreign Exchange gain/(loss)	**131,525**	**(20,714)**

14. Events after the reporting period

After the reporting period up to the date of the approval of the financial statement, there were no events, that need to be disclosed herein.