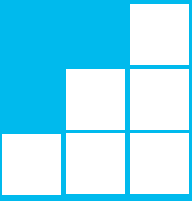


# KYIV

ANNUAL REPORT 2021

# FINANCIAL INFORMATION



# CONSOLIDATED FINANCIAL INFORMATION OF SPECIAL PURPOSE CONCERNING THE GROUP OF ENTERPRISES, INSTITUTIONS AND ORGANIZATIONS OF THE MUNICIPAL PROPERTY OF THE TERRITORIAL COMMUNITY OF THE CITY OF KYIV FOR 2021



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## DESCRIPTION OF THE APPROACH TO THE PREPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION FOR SPECIAL PURPOSE OF THE CITY OF KYIV FOR 2021 YEAR

The Consolidated Financial Information for Special Purpose for the group of enterprises, institutions and organizations of municipal property of the Kyiv city territorial community as of December 31, 2021 (hereinafter referred to as the «Consolidated Financial Information Special Purpose») includes 1 907 enterprises, institutions and organizations (as of December 31, 2020 included 1 910 enterprises, institutions and organizations (Note 1). The main forms of the Consolidated Financial Information for Special Purpose include data on all 1 907 enterprises, institutions and organizations. In case of technical limitations we provide detailed information on the 110 largest enterprises, institutions and organizations disclosed in the notes (information on 110 largest enterprises, institutions and organizations was disclosed in the Special Purpose Consolidated Financial Information as of December 31, 2020). The information about other enterprises, institutions and organizations of the City is disclosed in the notes on the line «Others».

The audit of the special purpose consolidated financial information as of December 31, 2021 was not conducted.

### Restrictions and deviations from International Public Sector Accounting Standards («IPSAS»)

- The major part of land of Kyiv city (hereinafter referred to as the City) in the Special Purpose Consolidated Financial Information is accounted for a value equal to zero, as there is no reliable estimate of the fair value of the relevant land fund. The total area of Kyiv City's land and the existing limitations regarding land accounting are disclosed in Note 6.
- A part of entities of Kyiv did not perform revaluation of their property, plant and equipment as at December 31, 2021 and December 31, 2020; therefore, the fair value of property, plant and equipment, which should be represented at fair value according to the accounting policies, may differ significantly from the carrying amount disclosed herein. In addition, a part of Kyiv city's entities did not perform the analysis on whether the objective evidence of impairment exists and, in case of need, did not perform the impairment test of the construction in progress, property, plant and equipment, intangible assets and inventories as at December 31, 2021 and December 31, 2020.
- A part of the enterprises of Kyiv as of 31 December 2021 and 31 December 2021, did not allocate investment property objects from the fixed assets and did not carry out their revaluation at fair value. Respectively, the fair value of investment property, which is carried at fair value in accordance with accounting policies, may differ materially from its carrying amount specified in the Consolidated statement of Financial Status.
- Due to technical constraints, some intercompany balances and transactions were not eliminated during consolidation, not all non-cash income and expenses were identified and netted-off in full in the Special Purpose Consolidated Financial Information.
- Some entities of the City do not calculate and do not recognize in full size:
  - Deferred tax liabilities / deferred tax assets;
  - Provisions for litigation;
  - Provisions for unused vacation;
  - Bonus accruals;
  - Guarantee accruals;
  - Post-employment benefit plan liabilities;
  - Provisions for land rehabilitation;
  - Financial instruments at amortized cost.
- Some entities in the Kyiv city account at the balance sheet the property that was privatized and not owned by the City at December 31, 2021 and December 31, 2020. A part of such assets was identified during the preparation of the Special Purpose Consolidated Financial Information and excluded from the value of the property, plant and equipment of the City.
- As some of the City entities did not prepare detailed final information for the disclosure of separate notes during 2019 and 2020 and, as of 31 December 2021 and 2020, the possibility of comparing these items for 31 December 2021 and the year, which ended on this date, with the corresponding financials for the previous period, is limited.
- Notes to the Special Purpose Consolidated Financial Information, in particular notes 22 «Other Current Liabilities», 24 «Local Taxes and Charges to the General Fund» and 31 «Subventions (the Special Fund)» are prepared for the presentation of financial information based on the requirements of IPSAS.

- Due to technical limitations, certain disclosures required by IPSAS were not prepared:
  - Application of new or revised standards and interpretations and their impact on the Special Purpose Consolidated Financial Information;
  - Critical accounting estimates and judgments used in applying accounting policies for:
    - Recognition of revenue from non-exchange transactions;
    - Valuation of property, plant and equipment and investment property;
  - Reconciliation of net cash flows to the consolidated financial results;
  - Purposes, policies and methods of credit risk management;
  - Concentration of credit risk;
  - Categories of assets pledged as collateral;
- Information on the amount of fully amortized property, plant and equipment;
- Disclosure of the fair value measurement model for the financial instruments classified as Level 3;
- Incomes, expenses and results from transactions with financial instruments according to accounting categories;
- Disclosure of information about liabilities concerning the retirement plans;
- Operations with related parties, except operations with management personnel;
- Disclosures on construction contracts;
- Disclosures on operating lease;
- Disclosures on contingent liabilities and commitments for acquisition and construction of property, plant and equipment;
- Segment information according to IPSAS.

### THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021

Indicators, thousand UAH	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	181 524 127	167 520 347
Investment property	7	36 323	770 420
Intangible assets	8	5 709 675	876 102
Investments accounted for using equity method	9	-	-
Available-for-sale investments		19 585	19 585
Deferred tax assets		297 972	194 323
Long-term receivables from exchange transactions	10	397 547	616 940
Other non-current assets	14	3 999 596	4 208 822
<b>Total non-current assets</b>		<b>191 984 825</b>	<b>174 206 539</b>
<b>Current assets</b>			
Stocks	11	7 891 683	5 293 521
Current receivables from exchange transactions	10	10 875 394	11 798 032
Receivables from non-exchange transactions	12	3 449 909	3 393 879
Receivables of entities on taxes		38 186	49 738
Deferred expenses		62 394	84 147
Current financial investments		2 702 143	771 178
Cash and cash equivalents	13	10 285 785	7 725 499
<b>Total current assets</b>		<b>35 305 494</b>	<b>29 115 994</b>
<b>TOTAL ASSETS</b>		<b>227 290 319</b>	<b>203 322 533</b>

Indicators, thousand UAH	Note	2021	2020
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowing	15	6 029 420	8 456 419
Deferred tax liabilities		5 720 639	5 982 735
Long-term provisions	16	683 134	710 878
Other non-current liabilities	17	51 522 956	40 669 433
Deferred income	18	5 314 345	15 340 777
<b>Total non-current liabilities</b>		<b>69 270 494</b>	<b>71 160 242</b>
<b>Current liabilities</b>			
Short-term borrowing	15	4 464 075	4 608 801
Payables under exchange transactions	19	15 288 260	10 385 194
Taxes and transfers payables	20	482 422	394 676
Payments received in advance from non-exchange transactions		2 513 460	2 513 460
Current provisions	21	1 068 384	1 784 932
Other current liabilities	22	3 470 988	3 714 763
<b>Total current liabilities</b>		<b>27 287 589</b>	<b>23 401 826</b>
<b>TOTAL LIABILITIES</b>		<b>96 558 083</b>	<b>94 562 068</b>
<b>Net assets</b>			
Accumulated surplus		54 640 880	40 601 654
Revaluation reserve		76 091 356	68 158 811
Minority interest			-
<b>Total net assets</b>		<b>130 732 236</b>	<b>108 760 465</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>227 290 319</b>	<b>203 322 533</b>

### The consolidated statement of financial results for the year ended on december 31, 2021

Indicators, thousand UAH	Note	2021	2020
<b>Income</b>			
<b>General fund</b>			
Personal income tax		29 559 937	24 590 724
Corporate income tax		6 719 927	5 482 248
Subventions and grants	23	6 532 985	6 370 149
Local taxes and charges to the General fund	24	17 229 607	14 072 990
Excise taxes on excisable goods sold by business entities		2 533 845	2 166 580
Administrative fees and charges, income from non-commercial business activities	25	650 124	569 324
Duties and fees for the special use of natural resources	26	31 595	30 970
Other non-tax proceeds and other budget revenues	27	151 372	93 947
Other taxes and charges		-	(25)
Income from capital transactions		120 743	56 758
<b>Special fund</b>			

Indicators, thousand UAH	Note	2021	2020
Revenue from exchange transactions of budget institutions	28	4 704 963	2 822 559
Taxes and other charges to Special fund	29	-	-
Other non-tax proceeds	30	83 161	333 874
Subventions (the Special Fund)	31	3 622 446	2 217 297
Special Purpose Funds		230 532	261 049
Funds from sales of land, intangible assets and from privatization		511 718	198 983
Revenue from services rendered		26 787	7 281
Environmental tax	29	43 622	35 231
Revenue from exchange transactions of municipal and corporate enterprises	32	47 009 454	40 305 574
Other income of budget, communal and corporate entities	33	14 135 949	7 183 248
Financial income of municipal and corporate enterprises		141 045	26 965
<b>Total revenues</b>		<b>134 039 812</b>	<b>106 825 726</b>
<b>Expenses</b>			
Housing and utilities	34	(33 510 991)	(24 097 783)
Education	35	(27 312 354)	(20 450 293)
Health Care	36	(25 961 407)	(19 697 369)
Construction	37	(525 761)	(1 983 628)
Transport, road facilities, communication, telecommunications and informational technologies	38	(17 918 008)	(21 340 045)
Social care and social security	39	(5 116 447)	(4 266 910)
Culture and arts	40	(2 547 556)	(1 897 080)
Other services related to economic activities	41	(3 760 209)	(2 522 311)
Governance	42	(3 433 535)	(2 870 632)
Special Purpose Funds		(585 907)	(458 709)
Physical Culture and Sports		(1 502 712)	(1 060 972)
Funds transferred to the State Budget and others budgets	43	(277 353)	(155 357)
Other activities in the field of ecology and natural resources protection		(39 829)	(85 669)
Transfers		-	-
Expenditures and borrowings		52 039	99 539
The effect of the termination of recognition of housing stock as a result of privatization		-	-
Other income (expenses)		(687 655)	(533 976)
<b>TOTAL EXPENSES TO FINANCIAL EXPENSES</b>		<b>(123 127 685)</b>	<b>(101 321 195)</b>
<b>Surplus before taxes and financial expenses</b>		<b>10 912 127</b>	<b>5 504 531</b>
Income tax		(130 789)	66 128
<b>Surplus for the reporting period before financial ex-penses</b>		<b>10 781 338</b>	<b>5 570 659</b>
Financial expenses	44	(1 973 048)	(1 946 306)
<b>SURPLUS (DEFICIENCY) FOR THE REPORTING PERIOD</b>		<b>8 808 290</b>	<b>3 624 353</b>
Surplus attributable to non-controlling interest		-	-
Surplus attributable to Kyiv city community		8 808 290	3 624 353
<b>SURPLUS FOR THE REPORTING PERIOD</b>		<b>8 808 290</b>	<b>3 624 353</b>

### The consolidated statement of changes in net assets for the year ended on december 31, 2021

Indicators, thousand UAH	The share belonging to the territorial community		
	Revaluation reserve	Accumulated surplus	Total
<b>As at 31 December, 2019</b>	<b>59 846 538</b>	<b>32 840 904</b>	<b>92 687 442</b>
Surplus / (deficit) for the reporting period	-	3 624 353	3 624 353
Reclassification of capital components	8 312 273	(8 312 273)	-
Adjustment of previous periods	-	12 448 670	12 448 670
<b>As at 31 December, 2020</b>	<b>68 158 811</b>	<b>40 601 654</b>	<b>108 760 465</b>
Surplus / (deficit) for the reporting period	-	8 808 290	8 828 290
Reclassification of capital components	7 932 545	(7 932 545)	-
Adjustment of previous periods	-	13 163 481	13 163 481
<b>As at 31 December, 2021</b>	<b>76 091 356</b>	<b>54 640 880</b>	<b>130 723 236</b>

### The consolidated statement of cash flows for the year ended on december 31, 2021

Indicators, thousand UAH	Note	2021	2020
<b>Cash flow from operating activities</b>			
Personal income tax		29 535 628	24 566 415
Corporate income tax		6 719 927	5 482 248
Transfers from public authorities		19 225 482	8 637 907
Duties and fees for special use of natural resources		31 595	30 970
Excise tax on excisable goods sold by business entities		2 533 845	2 166 580
Administrative fees and charges, revenue from non-profit business		650 124	569 324
Local taxes and charges		17 229 607	14 072 990
Other non-tax proceeds		234 533	427 821
Proceeds from sales of goods and services provided by municipal entities		43 515 324	35 014 963
Special purpose funds		17 408 270	17 590 519
Other taxes and fees		-	(25)
Proceeds from products sold and services provided by municipal entities		1 200 401	879 817
Rental fees received		311 510	297 635
Advances received		1 093 286	1 253 493
Repayments of advances granted		72 521	75 958
Interest income on current account balances		97 496	107 890
Taxes and duties reimbursed		10 493	1 547
Other proceeds		5 648 926	4 791 754
Expenditures to goods, works, services		(28 193 165)	(28 792 650)
Labor costs and payroll related charges		(15 729 736)	(12 799 097)

Indicators, thousand UAH	Note	2021	2020
Transfers to the State Budget and other budgets		(12 221 788)	(12 158 793)
Taxes and charges paid		(5 102 048)	(4 394 730)
Repayment of advances received		(189 799)	(506 260)
Advances issued		(5 787 017)	(2 724 216)
Individual measures on state (regional) programs' implementation		(30 408 834)	(22 889 678)
Social security payments		(6 744 273)	(5 922 090)
Other expenses		(9 134 420)	(5 243 363)
<b>Net cash flows from operating activities</b>		<b>32 007 888</b>	<b>20 536 929</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of non-current assets		555 822	235 282
Proceeds from interest received		1 236	2 034
Other proceeds		(1 657 741)	1 644 668
Acquisition of non-current assets		(13 648 029)	(14 816 265)
Other payments		(2 204 515)	(5 167 387)
<b>Net cash flows from investing activities</b>		<b>(16 953 227)</b>	<b>(18 101 668)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity		2 170 742	56 758
Proceeds from borrowings received		317 304	46 954
Repayment on borrowings		(313 668)	(382 662)
Interest paid on Eurobonds placed		(13 381)	(47 541)
Other proceeds		308 826	888 675
Other payments		(1 093 790)	(644 362)
<b>Net cash flow from financing activities</b>		<b>1 376 033</b>	<b>(82 178)</b>
<b>Net cash flow for the reporting period</b>			
Cash and cash equivalents at the beginning of the reporting period	13	7 725 499	5 023 638
Effect of exchange rate changes on cash and cash equivalent balances		(13 870 408)	348 778
Cash and cash equivalents at the end of the reporting period	13	10 285 785	7 725 499



## Report on the fulfillment of the Kyiv city budget for 2021 year

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjust-ments	Amounts According to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
<b>Revenues</b>					
<b>General fund</b>					
Personal and corporate income taxes	32 634 411	1 467 489	34 101 900	35 909 356	1 807 456
Subventions and dotations	5 725 347	850 249	6 575 596	6 532 985	(42 611)
Local taxes and charges	13 833 551	2 720 127	16 553 678	17 290 148	736 470
Excise taxes on excisable goods sold by retailers	2 032 350	113 831	2 146 181	2 533 845	387 665
Administrative fees and charges, revenue from non-commercial business activities	615 200	59 628	674 828	650 124	(24 703)
Duties and fees for the special use of natural resources	35 750	-	35 750	31 595	(4 155)
Other non-tax proceeds and other budget revenue	51 935	(13 429)	38 506	216 868	178 362
<b>Special Fund</b>					
Own revenue proceeds of budget institutions	2 172 072	1 695 014	3 867 086	3 516 677	(350 409)
Subventions from the State Budget	1 810 115	2 167 659	3 977 774	3 622 446	(355 329)
Special purpose funds	482 000	-	482 000	230 532	(251 468)
Funds from the sale of land, intangible assets and from privatization	949 700	38 412	988 112	511 718	(476 394)
Environmental tax	35 772	-	35 770	43 662	7 892
Other taxes and duties	-	-	-	-	-
Other non-tax proceeds	13 749	63 518	77 268	165 214	87 944
<b>Total revenue</b>	<b>60 391 952</b>	<b>9 162 498</b>	<b>69 554 449</b>	<b>71 255 170</b>	<b>1 700 720</b>
<b>Expenditures</b>					
Education	(24 279 824)	(2 127 056)	(26 406 880)	(25 026 832)	1 380 048
Health care	(6 066 636)	(919 179)	(6 985 815)	(6 646 668)	339 148
Social care and social security	(4 981 064)	(109 090)	(5 090 155)	(4 763 277)	326 877
Construction	(1 651 729)	(2 234 592)	(3 886 321)	(2 338 913)	1 547 409
Housing and utilities	(3 140 669)	(2 229 927)	(5 370 596)	(4 653 559)	717 037
Transport, road facilities, communication, telecommunications and informational technologies	(9 579 904)	(10 321 821)	(19 901 725)	(16 090 229)	3 811 496
State administration	(1 420 363)	(143 147)	(1 563 510)	(1 509 187)	54 323
Culture and arts	(2 295 610)	(921 748)	(3 217 358)	(3 109 577)	107 781
Other services related to economic activities	-	(3 355 323)	(3 355 323)	(3 003 227)	352 096
Special purpose funds	-	-	-	-	-
Physical culture and sports	(1 258 777)	(278 132)	(1 536 910)	(1 440 105)	96 805
Debt servicing	(415 495)	47 004	(368 491)	(269 321)	99 171
Transfers to the State Budget and others budgets	-	(144 473)	(144 473)	(138 677)	5 796
Other expenses	(2 705 577)	2 099 503	(606 072)	(406 125)	199 947
<b>Total expenditures</b>	<b>(57 795 648)</b>	<b>(20 637 981)</b>	<b>(78 433 629)</b>	<b>(69 395 697)</b>	<b>9 037 932</b>
<b>Deficit for the reporting period</b>	<b>2 596 304</b>	<b>(11 475 483)</b>	<b>(8 879 180)</b>	<b>1 859 473</b>	<b>10 738 653</b>

Consolidated financial information for special purpose for 2021 year

## Report on the fulfillment of the Kyiv city budget for 2020 year

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjust-ments	Amounts According to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
<b>Revenues</b>					
<b>General Fund</b>					
Personal and corporate income taxes	31 496 211	(711 543)	30 784 668	29 702 465	(1 082 203)
Subventions and donations	5 186 123	1 246 977	6 433 100	6 370 149	(62 951)
Local taxes and charges	14 368 389	(1 186 000)	13 182 389	14 133 525	951 136
Excise tax on the excisable goods sold by retailers	1 845 400	-	1 845 400	2 166 580	321 180
Administrative fees and charges, revenue from noncommercial business activities	644 590	-	644 590	560 749	(83 841)
Duties and fees for the special use of natural resources	43 110	(18 248)	24 862	30 970	6 108
Other non-tax proceeds and other budget revenue	18 835	61 560	80 395	159 261	78 866
<b>Special Fund</b>					
Own revenue proceeds of budget institutions	1 504 677	754 349	2 259 027	1 944 341	(314 686)
Subventions from the State Budget	2 217 297	-	2 217 297	2 217 297	-
Special purpose funds	513 000	(51 388)	461 612	261 049	(200 563)
Funds from sales of land, intangible assets and from privatization	415 000	-	415 000	198 983	(216 017)
Environmental tax	30 353	-	30 353	35 231	4 878
Other taxes and duties	-	-	-	-	-
Other non-tax proceeds	478 600	(190 000)	288 599	341 154	52 555
<b>Total revenues</b>	<b>58 761 585</b>	<b>(94 293)</b>	<b>58 667 292</b>	<b>58 121 754</b>	<b>(545 538)</b>
<b>Expenditures</b>					
Education	(20 641 033)	(787 247)	(21 428 280)	(19 555 578)	1 872 702
Health Care	(6 471 559)	(2 037 106)	(8 508 665)	(7 916 300)	592 365
Social Care and social security	(4 398 686)	43 701	(4 354 985)	(3 968 164)	386 821
Construction	(3 950 911)	(225 299)	(4 176 210)	(3 207 353)	968 857
Housing and utilities	(4 820 709)	586 863	(4 233 846)	(3 806 397)	427 449
Transport, road facilities, communication, telecommunications and informational technologies	(10 253 909)	(2 162 652)	(12 416 561)	(11 811 330)	605 231
Culture and arts	(1 284 774)	17 758	(1 267 015)	(1 187 680)	79 335
State administration	(2 498 071)	(121 298)	(2 619 369)	(2 456 334)	163 035
Other services related to economic activities	(1 623 558)	(995 796)	(2 619 354)	(2 350 005)	269 349
Special purpose funds	-	-	-	-	-
Physical Culture and Sports	(1 161 590)	(15 427)	(1 177 017)	(990 067)	186 950
Debt servicing	(261 399)	-	(261 399)	(250 487)	10 912
Transfers to the State Budget	-	(78 291)	(78 291)	(76 284)	2 007
Other expenses	(1 460 306)	1 138 853	(321 454)	(273 011)	48 443
<b>Total expenditures</b>	<b>(58 826 505)</b>	<b>(4 635 941)</b>	<b>(63 462 446)</b>	<b>(57 848 990)</b>	<b>5 613 456</b>
<b>Surplus (Deficit) for the reporting period</b>	<b>(64 920)</b>	<b>(4 730 234)</b>	<b>(4 795 154)</b>	<b>272 764</b>	<b>5 067 918</b>

\*Approved by the Kyiv City Council for the reporting year, subject to changes

Enterprises, institutions and organizations of the municipal property of the territorial community of the city of Kyiv

## Reconciliation of the consolidated financial result to the result of fulfillment of Kyiv city budget for 2021

Indicators, thousand UAH	2021	2020
<b>Budget performance results</b>	<b>1 859 457</b>	<b>272 764</b>
(I) Recognition of non-operating foreign exchange differences on Eurobonds and adjustment of finance costs accrued on a cash basis	(1 348 568)	(1 348 568)
(II) The financial result of municipal entities, budget institutions corporate entities not included into the budget of Kyiv city and adjusted for the effect of eliminated adjustments in the budget expenditures	(8 043 126)	(3 765 200)
(III) Adjustment of proceeds from taxes and charges accrued by the cash basis	309 967	309 967
(IV) Effect of eliminated adjustments in the budget expenditures	16 030 560	8 155 390
<b>Consolidated surplus for the reporting period</b>	<b>8 808 290</b>	<b>3 624 353</b>

Since the report on budget fulfilling reflects transactions using the cash basis method of accounting, budget performance results were adjusted to recognize foreign currency exchange differences arising on foreign currency denominated debt obligations.

- I. The budget performance report does not include gains / losses of municipal entities, budget institutions and corporate entities for the reporting period, therefore, in the process of consolidation; the results of their activities are added to the Consolidated Financial Information for Special Purpose.
- II. Proceeds from taxes and duties were included to budget revenue using the cash basis method of accounting. The adjustment represents the application of the accrual method of accounting of taxes and fees.
- III. Budget performance report does not include losses for the reporting period from residential property de-recognition as a result of privatization.
- IV. During the preparation of the consolidated information, the local budget expenditures were eliminated against the revenues received by budgetary organizations and municipal entities from the city budget.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR SPECIAL PURPOSE

### 1. General information

Consolidated financial information for special purpose of the city of Kyiv includes information on the Kyiv City Council, the executive body of the Kyiv City Council (Kyiv City State Administration) (hereinafter – «Kyiv City State Administration»), 27 departments of the Kyiv City State Administration (2020: 27), Services for Children and Families of the Kyiv City State Administration, the State Archives of the city of Kyiv, 10 district state administrations in Kyiv (hereinafter – «DSA») (2020: 10 DSA) and 1 907 (2020: 1 910) enterprises, institutions, organizations based on the municipal property of the territorial community of the city of Kyiv (hereinafter – the City) directly or indirectly subordinated to them, of which 438 self-supporting and 1 469 budget institutions (2020: 444 self-supporting and 1 466 budget institutions), with account of enterprises of the City, which were in the state of reorganization or liquidation (Note 4). As of December 31, 2021 and 2020, the City had a share of corporate rights and control over 6 joint stock companies.

The principal activities of the City comprise rendering services for the development of infrastructure, health care, communication, education, transport, sports and culture, social protection, waste management, emergency services, energy and water supply and other utilities for the residents of Kyiv city, as well as services on comprehensive development, improvement and maintenance of urban land.

Legal address of the Kyiv City State Administration is at: 36 Khreshchatyk Street, Kyiv, 01044, Ukraine. Budget organizations, municipal entities, and corporate companies are registered and operate in Kyiv.

### 2. Economic environment

After the swift fall in the year 2020 (-3,8%), the Ukrainian economy commenced its full recovery in 2021 following the crisis caused by the restrictions due to the spreading of the coronavirus infection, and overwhelmed the expectations of most experts in forecasting (+3,4%). In this case, according to the results of 2020, the fall of the economy in the city of Kyiv was slightly smaller than throughout Ukraine in general (-3%), which is also explained by the effect of the restrictions implemented in response to the coronavirus infection both in Ukraine and in the city of Kyiv itself. In spite of the decrease of the Gross Regional Product (GRP) index, the capital city of Kyiv remains the leader among the Ukrainian regions according to the

GRP level per capita (342.2 thousand UAH) and generates almost a quarter of the country's whole GRP.

Due to the measures taken by the Kyiv city authorities to support the business and vulnerable sector of the population, the year 2021 saw the GRP growth by 3.4% (according to preliminary data). This growth was not even slowed by the quarantine measures implemented in Kyiv in spring in response to the third wave of the coronavirus infection. The actual growth of the GRP occurred due to the growth in the volumes of the processing industry (+7.1%), construction (+8.1%), as well as activation of transportation, post, and courier activity (+6%).

The city of Kyiv also remains the leader among the exporter regions. The commodity export volume grew by 23.4%, reaching 15.3 billion USD (+2.9 billion USD), which made 22.5% of Ukraine's overall export. The need in increasing the commodity export volume is still observed since the year 2014, when the toxic and poor-quality markets of the Russian Federation and the Republic of Belarus were replaced by European partners. At the same time, the largest export deliveries (over 65%) constitute food and agricultural products and are made by agricultural companies with offices located mainly in Kyiv.

During the quarantine measures, the city in no way restricted the movement of the Kyivites, prohibited entry to or exit from the city, however, the average number of the existing population insignificantly decreased to 2,957 thousand people (by 4 thousand people).

The level of the city's social life increases successfully. The average monthly salary comprised over 20.5 thousand UAH, which exceeds the figures of 2020 (17.1 thousand UAH). This figure is also the highest all over Ukraine (1.5 times higher than the average Ukrainian level of 14.0 thousand UAH), which is explained by the concentration of the central authorities, higher court instances, offices of leading foreign companies etc. in Kyiv. In January 2021, the minimal salary was increased to 6,000 UAH (by 1,000 UAH). In December, the Government approved the minimal salary in the amount of 6,500 UAH.

Notes 34-42 disclose information on the structure of costs by activity of the city. The figures vary from one activity to another, however, in general, the growth of the salaries' level can be also tracked by the costs, which grew by at least 10%.

The unemployment level of the population aged 15-70 (according to ILO methodology), in percentage to the work force of the relevant age group comprised 7.1% and insignificantly grew,

compared with 2020 (by 0.3%); this was caused, among other reasons, by the quarantine restrictions, for instance, in the food service industry (restaurants, cafés), where employees were sent into unpaid vacations or employment relations were suspended, which affected the overall figure.

In spite of the quarantine measures, growth of investments and influx of investors are observed. The volume of capital investments comprised 170.1 billion UAH (grew by 10% or 7.0 billion UAH) and constitutes one-third of all the capital investments of Ukraine. Direct investments (equity participation instruments), in cumulative total, comprised 18.1 billion USD (+13.7%). On the whole, this situation demonstrates the attractiveness of the city of Kyiv for foreign investors and meets the strategic plans of the EBRD and IMF for the growth of the Ukrainian economy.

As for currency fluctuations, in the year 2021 the effect of currency exchange rate change was fixed with a slight improvement as at December 2021. The official UAH to USD exchange rate as at December 31, 2021 comprised 27.18 UAH/USD vs. 27.27 UAH/USD as at December 31, 2020.

In 2021, the Moody's international rating agency confirmed the sovereign rating of Ukraine on the level of B3 from Caa1. However, as the result of the aggression of the Russian Federation (Note 49), in 2022, the rating was lowered to the level of B3 from Caa3 (negative forecast). In June, Ukraine also officially received the status of the European Union candidate, which opens the EU market for Ukrainian commodities and will facilitate the influx of foreign investments.

### 3. Basic principle of the accounting policy

**Basis of preparation.** The Special Purpose Consolidated Financial Information of the City (hereinafter «The Consolidated Financial Information») has been prepared based on the significant accounting policies described in this Note in accordance to the requirements of International Accounting Standards for the State Sector (IAS) issued by the International Accounting Standards Board for the State Sector (IASBSS). This Consolidated Financial Information is not fully consistent with the IAASS according to the limitations and deviations outlined in the Description of the Approach to the preparation of consolidated financial information of a special purpose.

This consolidated financial information is prepared on the basis of the City's accounting policies in accordance to the historical cost basis, except for property, plant and equipment and certain categories of financial instruments that were accounted for at revaluation cost and fair value respectively, and taking into

account the list of restrictions and approach to the preparation of the consolidated financial information of the City.

**Consolidation of controlled enterprises.** Controlled enterprises are all economic entities concerning which the City has the authority to manage their financial and operating activities. The controlled enterprises are to be fully consolidated since the date the City begin to control them. Their consolidation shall cease since the date of loss of control of the City over these enterprises. Operations between City enterprises and balances of their transactions, as well as unrealized profits and losses on transactions between them, should be completely curtailed during the consolidation. If controlled companies use accounting policies that are different from the City's accounting policies, the financial information about these enterprises has been the subject to appropriate adjustments for the purpose of preparing the consolidated financial information of the City.

**Associates.** Investments of the City in associates are accounted by using the equity method. In accordance with the equity method, an investment in an associate is recorded in the statement of financial status at initial cost plus changes in the City's share of the financial result after taxation of the associate after the acquisition.

The statement of financial results reflects a share in the results of the associate's activities. In the case of changes recognized directly in the net assets of an associate, the City recognizes its share in these changes and discloses the relevant information in all necessary cases in the consolidated statement of changes in net assets. Unrealized profits and losses on transactions between the City and its associates are excluded from the amount of the City's share in these associate companies.

The City determines the need for recognition of additional impairment losses on the investments of the City in its associates after applying the equity method.

If there are signs of impairment of investments, the City calculates the amount of the impairment as the difference between the cost of reimbursement of the associate and its carrying amount and recognizes the corresponding amount in the consolidated statement of income. However, if the City's share of the loss of an associated company is equal or exceeds its share in that associate, including any other unsecured amounts receivable, the City shall not recognize future losses, except of the cases when it has undertaken or made payments on behalf of associated company.

**Foreign currency translation.** The functional currency of the City and consolidated enterprises is Ukrainian hryvnia ("UAH"), the national currency of Ukraine.

Monetary assets and liabilities are translated into the functional currency of each company at the official exchange rate

established by the National Bank of Ukraine (the "NBU") at the end of the reporting period. Profits and losses on foreign exchange differences are recorded in the surplus or deficit for the reporting period.

The exchange rates of major world currencies to the Ukrainian hryvnia, established by the NBU as at December 31, 2021 and 2020 are indicated below:

	As of December 31, 2021	As of December 31, 2020
UAH/USD	27,18	27,27
UAH/EUR	30,55	30,92

Profits and losses on exchange rates related to borrowings are presented in the consolidated statement of financial results in the form of financial incomes or costs. All other gains and losses from the exchange differences are presented in the consolidated statement of financial results for other expenses. Translation at the end of the year rates does not apply to nonmonetary items that are valued at their original cost. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates that were effective at the date of determination of fair value.

**Property, plant and equipment.** Property, plant and equipment are accounted for revalued amounts, less accumulated depreciation and impairment allowance, if it is required.

Fair value is determined by the valuation of external independent appraisers or internal experts with relevant knowledge and experience. An increase of book value of property, plant and equipment, resulting from a future revaluation, is credited to other comprehensive income and leads to an increase in the revaluation reserve. A decrease of book value of an asset that offsets the previous increase in the book value of the same asset is recognized in other comprehensive income and results in a decrease in the previously recognized revaluation reserve. All other cases of reduction in the book value are recorded in the surplus or deficit for the reporting period. The revaluation reserve of property, plant and equipment is transferred directly to retained earnings in the event that the revaluation amount is realized, that is, when the asset is sold or written off, or when the City does not continue to use it. In the case of a revaluation of an item of property, plant and equipment, accumulated depreciation at the date of the revaluation is excluded from the gross carrying amount of the asset, and the net worth is transformed to the revalued amount of the asset.

The cost of replacing those components of property, plant and equipment that are recognized separately is capitalized, and the carrying amount of the replaced components is deducted. Other

subsequent expenses are capitalized only in those cases, if they lead to increase of future economic benefits from the fixed asset. All other expenses are recognized in profit or loss during the period in which they were incurred.

The costs of ongoing repairs and maintenance are expenses incurred during the period in which they were incurred.

Recognition of property, plant and equipment is discontinued after their retirement or if the continued use of the asset is not expected to bring future economic benefits or lead to the implementation of operating capacity. Gains and losses on disposals determined by comparing proceeds with the carrying amount of property, plant and equipment are recognized in the consolidated statement of financial results.

At the end of each reporting period, the City evaluates property, plant and equipment for their possible impairment. If such indications exist, the City shall determine the cost of reimbursing an asset as its fair value excluding sales costs or the cost of using an asset, whichever is bigger. The book value is reduced to the cost of the consideration or to the cost of service reimbursement and the impairment loss is recognized in profit or loss in an amount that exceeds the amount of the previous positive revaluation. Impairment losses recognized in prior periods should be reversed if the estimates used to determine the recoverable amount of the asset since the date of recognition of the last impairment loss have changed.

**Depreciation.** Depreciation on items of property, plant and equipment is calculated using the straightline basis to allocate their cost to residual values over their estimated useful lives:

Land plots	not depreciated
Buildings and constructions	up to 100 years
Machinery and equipment	5-30 years
Vehicles	10-40 years
Tools, fixtures, and fittings	3-25 years
Other property, plant and equipment	2-15 years
Leasehold improvement	Over the term of the underlying lease

Leased assets include vehicles and production equipment.

The assets' residual values and the terms of their operation are reviewed and adjusted prospectively, if necessary, at the end of each reporting period.

**Service concession assets.** The City analyzes all aspects of service concession arrangements that it enters into. When the City



acts as a grantor, it recognizes the service concession asset if the following conditions are met:

- The City controls or regulates the services that should provide together with the asset, as well as has the right to determine the conditions for the provision of such services;
- The City controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement

Assets transferred to a concession are accounted for as a separate group of property, plant and equipment. At the moment of transfer of the asset to the concession group, the City also recognizes a liability at an initial cost that corresponds to the value of the concession asset.

The City recognizes the obligation under the concession contracts using the model of the financial liability. According to this model, the City recognizes the obligation to pay cash or other financial assets to the operator in the event of improvement of the concession asset, or the creation of a new asset belonging to this concession contract.

The book value of an asset is reduced directly to the cost of its reimbursement or to the cost of service reimbursement if the book value exceeds the estimated cost of recovering the asset or the cost of the service reimbursement.

**Investment Property.** Investment property includes objects held for the purpose of obtaining lease payments and / or increase of the capital. Investment property objects are initially measured at their original cost, including acquisition costs. When investment property is acquired in nonexchange transactions, its initial value is measured at fair value as at the acquisition date. After initial recognition, investment property objects are estimated at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss during the period in what they occur.

Investment property ceases to be recognized after its retirement or final decommissioning when no future economic benefits associated with it are expected. Any profit or loss arising from the cessation of recognition of a property (calculated as the difference between net proceeds from disposal and the carrying amount of an asset) is included in the surplus or deficit of the period in which investment property ceases to be recognized.

**Finance leases.** Finance leases are leases that cover all risks and benefits associated with leased asset and transferred to the City. Assets held under conditions of the finance leases are capitalized from the date of commencement of the lease at the fair value of the leased property or at the present value of future minimum lease payments, if it is less. The City also recognizes the liability related to

the lease at the time of the beginning of the lease. The recognized liability is measured at the current value of future minimum lease payments at initial recognition.

After initial recognition, lease payments relate to financial expenses and to reduction of lease liabilities to obtain a constant interest rate from the residual amount of the liability. Financial expenses are recognized in surplus or deficit financial expenses.

Assets held under financial leasing are depreciated during the life of the asset. Assets are depreciated over their estimated useful life or lease term, depending on what term is shorter, if the City is not reasonably sure that they will acquire ownership of the asset by the end of the lease term.

**Operating leases.** The lease, whereby all risks and benefits associated with the leased asset are not transferred by the City, is classified as operating lease. Lease income derived from operating leases is recognized in income equally throughout the lease term. Contingent rental incomes are recognized in incomes during the period of their actual come.

#### Depreciation of non-financial assets

**Depreciation of cash-generating assets.** For each reporting date, the City shall determine the existence of objective evidences of impairment of assets. In the presence of such evidences or, if it is necessary to make an annual test for the subject of impairment, the City evaluates the cost of the reimbursement of such an asset — the fair value of the asset or cash-generating unit minus the cost of sale or the cost of using the asset, what is bigger. The cost of reimbursement is determined for an individual asset, except the cases when there are no cash flows from the assets that are largely independent from cash flows that flow from other assets or groups of assets.

When the book value of an asset or cash-generating unit exceeds its recoverable amount, that asset is considered impaired and its value is reduced to the amount of the consideration.

The cash generating unit is the smallest identifiable asset unit that generates cash inflows, which are largely independent of cash inflows from other assets or groups of assets.

During the estimating of value of using them, estimated future cash flows are discounted to their present value using a discount rate before taxation, reflecting current market estimates of the value of money in time and the risks inherent to this asset. In order to determine the fair value after cost excluding sales costs, the data of the latest market transactions, if any occur, are taken into account.

**Depreciation of non-cash-generating assets.** For each reporting date, the City should provide the evaluation whether there are signs of impairment of non-cash-generating assets. In the presence of such signs or when necessary to conduct an annual

test for the impairment of an asset, the City assesses the cost of its reimbursement. The cost of an asset reimbursement is its fair value excluding sales costs or the cost of using an asset, depending on what is bigger.

For the determination of fair value excluding sales costs, the price of the mandatory underlying assets is used within the voluntary unrestricted transaction, adjusted for additional costs that are directly related to the sale of the asset. If an asset is not subject to an obligation to execute the transaction, but it is traded on an active market, the fair value excluding sales costs is the market value of the asset minus sales costs. In the absence of an obligation to execute a sale or active market for an asset, the City determines the fair value excluding sales costs based on information available to it.

For each reporting date, an assessment is made of the existence of evidence that an impairment loss recognized in relation to an asset has not existed or decreased. If such features are available, the City determines the cost of reimbursement. An impairment loss recognized for an asset in prior periods is reversed if the prior assumptions used to determine the recoverable amount of the asset since the date of recognition of the last impairment loss have changed. The amount of reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined (minus depreciation) if no impairment loss was recognized in prior years. This reversal is recognized as being in surplus or deficit.

**Intangible assets.** Acquired separately intangible assets are initially recognized at their original cost. The value of intangible assets acquired under a non-exchange transaction is their fair value at the date of exchange. After initial recognition, intangible assets are stated at historical cost less accumulated depreciation and impairment, which is reflected in surplus or deficit.

Intangible assets with a limited useful life are depreciated over their useful life:

- Software – 10 years;
- Other intangible assets in accordance with the useful life – no more than 20 years.

Intangible assets with a limited useful life are assessed for impairment if the signs of impairment of an asset occur.

Terms and depreciation methods for intangible assets with a limited useful life are reviewed at the end of each reporting period. Changes in expected use periods or in the expected pattern of obtaining future economic benefits associated with an asset are considered in case of change of the depreciation period or method, where applicable and are accounted in the accounting records as changes in accounting estimates. Expenses for depreciation of intangible assets with a limited useful life are recognized as surplus or deficit

in the expenses category, which corresponds to the nature of the intangible asset.

Profits and losses arising from the cessation of recognition of an intangible asset are measured as the difference between net proceeds from the disposal of an asset and its carrying amount and recognized in the surplus or deficit in the period in which the asset was derecognised.

#### Financial instruments

**Initial recognition and measurement.** Financial assets that fall within the scope of IAASS 29 "Financial Instruments: recognition and measurement" are classified as financial assets at fair value through profit or loss, loans or available-for-sale financial assets. The City defines the classification of its financial assets at first initial recognition.

Transactions in acquisition or sale of financial assets are recognized on the date when the City undertakes the responsibility to purchase or sell the asset.

**Loans and receivables.** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial valuation, such financial assets are carried at amortized cost using the method of effective interest rate, minus any impairment losses. Amortized cost is calculated considering the premium or discount during the acquisition and the income or expense included in the calculation of the effective interest rate. Impairment losses are recognized in surplus or deficit.

**De-recognition.** The City derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- Rights to receive cash flows from the asset have expired or been waived;
- The City has transferred the rights to receive cash flows from the asset with the simultaneous acceptance of the obligation to pay them fully to a third party without significant delays in the transfer agreement, while (a) the City has also transferred substantially all the risks and benefits, or (b) the City did not transfer or retain basically all the risks and benefits of ownership of the asset but ceased to do control.

**Available-for-sale investments.** The city classifies investments available for sale as nonderivative financial assets classified as available-for-sale and not included in other categories of loans and receivables, held-to-maturity assets or financial assets carried at fair value with changes in surplus or deficit in current period.

Subsequent to initial valuation, available-for-sale investments are subsequently measured at fair value, profits and losses on changes

of what recognized directly in net assets in the statement of changes in net assets until the date of the cessation of recognition of the investment, when the cumulative profit or loss is recognized in surplus or deficit.

**Impairment of financial assets.** For each statement date, the City assesses whether there are any signs of impairment of financial assets or a group of financial assets. A financial asset or a group of financial assets is considered impaired, if only there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset (the occurrence of an «event of loss»), and this loss event has an impact on the expected future cash flows from a financial asset or a group of financial assets that can be measured reliably.

Signs of depreciation may include the following situations:

- the debtor or a group of debtors suffer significant financial difficulties;
- default or delay in repayment of the whole sum of debt or interest;
- probability of bankruptcy or other financial reorganization of debtors;
- availability of data, indicating the objective reduction of estimated future cash flows (for example, delinquency or changes in economic conditions that are in default).

### Financial liabilities

**Initial recognition and measurement.** Financial liabilities that fall within the scope of IAASS 29 are classified as financial liabilities that are required to be measured at fair value with changes in surplus or deficit, or borrowings and loans. The City defines the classification of its financial liabilities at initial recognition.

When initially recognized, all financial liabilities should be recognized at fair value and in the case of borrowings and loans, taking into account the direct costs associated with the transaction.

The financial liabilities of the City include credit arrears concerning main activities, other credit arrears, bank overdrafts, borrowings, loans from international organizations, issued own debt bonds and financial lease commitments.

**De-recognition.** A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

When replacing one existing financial liability with another obligation to the same creditor on substantially discretionary terms or in case of material changes to the terms of an existing obligation, the recognition of the original obligation is terminated and the new liability is recorded in accounting with recognition the difference in the book value of liabilities in the surplus or deficit.

**Offsetting of financial instruments.** The offsetting of financial assets and liabilities, followed by the inclusion in the consolidated statement of financial position only of their net amount, may be made only if there is a legally determined right to offset the recognized amounts when it intends to make a calculation based on the net amount or at the same time realize the asset and pay off liabilities.

**Fair value of financial instruments.** The fair value of financial instruments traded on active markets for each statementing date is determined on the basis of market quotations or dealer prices (for long positions the price of demand is taken, and for short positions the price of the offer is taken).

Amortized cost is the value at initial recognition of a financial instrument minus principal repayments plus accrued interest, and for financial assets – minus any reduction in the value of incurred impairment losses. Accrued interest includes depreciation of deferred expense on an initial recognition basis and any premiums or discounts from the redemption amount using the effective interest method. Accrued interest income and accrued interest expense, including amortized discount or premium, are included in the book value of the related items.

An effective interest rate method is a method of allocating interest income or interest expense during the period of validity of a financial instrument before its repayment period has occurred in purpose of to obtain a constant interest rate (effective interest rate) from the carrying amount of the instrument. An effective interest rate is the interest rate at which estimated future cash payments or receipts (excluding future credit losses) are accurately discounted for the expected period of validity of the financial instrument or, as appropriate, for a shorter period to the net carrying amount of the financial instrument. The effective interest rate is used to discount the cash flows of floating rate instruments until the next date of interest rate changes, except for the premium or discount, which reflects the credit spread over the floating rate set for this instrument or other variables that do not vary according to market rates. Such premiums or discounts are depreciated over the entire expected period of validity of the instrument. The calculation of the present value includes all commissions and payments paid or received by the parties to the contract, which is an integral part of the effective interest rate.

**Inventories.** Inventories are measured at the lower of cost and net realizable value. The cost of raw materials, spare parts and goods should be accounted for using the method «First income – first expense» (FIFE); the cost of goods and materials that do not replace each other, at an identified cost. Inventories are measured at the lower of cost and net realizable value.

### Receivables from exchange and non-exchange transactions.

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method minus the allowance for impairment losses. A provision for impairment of receivables is created when there is objective evidence that the City will not be able to obtain the full amount of the debt in accordance with the initial conditions. Accounts receivable for non-exchange transactions consist of taxes and fees payable to the City budget.

**Cash and cash equivalents.** Cash and cash equivalents consist of cash on hand, bank deposits on demand, balances on the Treasury accounts, and other highly liquid short-term investments with an original maturity of three months or less, which can be converted into known cash amounts promptly. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined, minus bank overdraft arrears.

**Provisions.** Provisions are recognized when the City has a present obligation (legal or constructive) as a result of a past event and it is probable that the resources will be disposed of in a manner that reflects the economic benefits and the amount of the obligation can be measured reliably.

**Contingent liabilities.** The City does not recognize contingent liabilities but discloses details of any contingencies in the notes to the Consolidated Financial Information. In cases when a liability will require disposal of resources embodying economic benefits is negligible, such contingent liabilities are not recognized in the Consolidated Financial Information components and information about such contingent assets is not disclosed in the notes.

**Employee benefits.** The cost for all short-term employee benefits, such as vacation payments, are recognized in the period in which the employee is provided with appropriate services. The City the expected relevant costs of the performance of awards only when the City has a current legal or constructive obligation to make such a payment, and its amount can be estimated reliably.

**Payments received in advance from non-exchange transactions.** Payments received in advance from non-exchange transactions include taxes and charges received by the City before the occurrence of a tax event and are accounted for as the City's liabilities.

**Net assets.** Net assets represent a residual part in the City's assets after deduction of all of its liabilities. Net assets may be either positive, or negative.

**Budget information.** The City's annual budget is cash based. The reconciliation of planned expenses and revenues is presented in the report on the implementation of the budget of the city of

Kyiv. Due to the application of cash basis principles for budgeting purposes, there are differences related to the use of different accounting methods, terms or business entities that require reconciliation of the actual comparative amounts and amounts presented as a separate additional financial report.

**General Fund.** The General Fund of the budget provides funding for financing functions and tasks of the state and local communities. The components of the General Fund of the budget are:

- All budget revenues, except those referring to the budget's Special Fund;
- All budget expenditures made at the cost of the General Fund proceeds;
- Budget lending facilities (repayment of general purpose borrowings to the budget and granting loans from the General Fund's budget proceeds);
- Financing the General Fund of the budget.

**Special Fund.** The Special Fund of the budget provides for special purpose use of budget funds according to their intended purpose. In the Special Fund, specific proceeds correspond to specific expenditures. Capital expenditures may be incurred only within the limits of the Special Fund. The components of the budget's Special Fund are:

- Special purpose budget revenues (including own revenue proceeds of budget institutions);
- Budget expenditures made at the cost of specifically determined revenues of the budget's Special Fund (including own revenue proceeds from budget institutions);
- Budget lending facilities (repayment of special purpose borrowing to the budget and granting loans from the budget, which is carried out at the expense of the specifically determined proceeds of the budget's Special Fund);
- Financing of the Special Fund of the budget.

### Income from non-exchange transactions

**Taxes and charges.** Taxes and charges are measured at fair value and recognized at the moment they occur and are the subjects to the asset recognition criteria. Deferred income is recognized in case the conditions occur that result in a liability to repay the relevant amount. Other income from non-exchange transactions is recognized only if it is probable that future economic benefits or the realization of the operating potential associated with the asset can be measured reliably.

**Transfers from other government entities.** Income from non-exchange transactions with other government entities are measured at fair value and recognized when the asset (cash, goods, services

and property) is controlled and if the transfers are not burdened with conditions, when it is probable that future economic benefits or realization of the operating potential associated with the asset will flow to the city, and its value can be measured reliably.

#### Income from exchange transactions

**Provision of services.** The City recognizes revenue from the provision of services, given the degree of completion of services, when the outcome of a particular operation can be estimated reliably. The degree of completion is estimated, taking into account the volume of actually rendered services as a percentage of the total estimated volume of services to be provided under the contract. If the results of the contract cannot be estimated reliably, the revenue is recognized only in an amount that enables it to recover the incurred expenses.

**Sales of products.** Revenues from the sale of products (goods, other assets) are recognized if all of the following conditions are executed: risks and rewards of ownership of the product (goods, other assets) are transferred to the buyer; the enterprise does not carry out further management and control over the sold products (goods, other assets); the amount of revenue (revenue) can be reliably determined; there is confidence that the transaction will increase the economic benefits of the enterprise or the realization of economic potential, and the costs associated with this operation can be accurately determined.

**Rental income.** Rental income is recognized in the accounting period in which the services are provided, to the extent of the services actually provided.

**Income from construction contracts.** If the final result of a construction contract can be estimated reliably, the contract revenue and expenses associated with the construction contract are recognized as revenue and expense with reference to the stage of completion of the contract at the end of the reporting period. The expected loss under a construction contract is immediately recognized as an expense.

#### Taxes

**Income tax.** In this Consolidated Financial Information, income tax is provided in accordance with the Ukrainian legislation that was in force or actually enacted as at the reporting date. Income tax charge / credit consists of current tax and deferred tax and is recognized in surplus or deficit, except when it relates to operations recognized directly in other comprehensive income or directly in equity for the same or different period.

Current tax is the amount that is expected to be paid to, or recovered from, the tax authorities in respect of taxable profits or

losses for the current and prior periods. Other taxes, except for income tax are recorded within other expenses.

**Deferred tax.** Deferred income tax is provided using the balance sheet liability method for tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under initial recognition exemption, deferred tax is not recognized for temporary differences that arise on initial recognition of an asset or liability that does not affect the financial result or taxable income as a result of operation, what is not particularly a merger of companies.

Deferred tax balances are measured at tax rates that have been enacted as at the reporting date and which are expected to be applied in the period when temporary differences are going to be reversed or tax losses carried forward are credited.

Deferred tax assets arising from deductible temporary differences and tax losses carried forward are recognized only to the extent that it is probable that the temporary differences are going to be reversed in future, and there are sufficient future taxable profits available against which the temporary differences can be utilized.

#### Value Added Tax (VAT).

VAT is levied at two rates: 20% is charged on the supply of goods or services where the supply takes place in Ukraine, including supplies without direct payment, and the import of goods to Ukraine (unless such supplies are expressly exempt by the legislation); 7% applies to the supply and import operations in the customs territory of Ukraine of all medical devices that are entered in the State Register of Medical Equipment and Medical Devices or meet the requirements of the relevant technical regulations, as evidenced by the document of conformity, and are allowed to be placed on the market and / or commissioning and use in Ukraine, 0% applies to the export of goods and related services. Output VAT on the sale of goods and services is accounted for on the date the goods/ services are delivered to a customer or the date the payment is received from the customer, whichever is earlier. Input VAT for businesses which are registered as VAT payers is accounted for as follows: the right to input VAT credit on purchase arises at the time of receipt of the VAT invoice issued at the time of payment to the supplier or at the time of receipt of the goods or services, in dependence what event has occurred before, or the right to input VAT credit on the import of goods or services arises at the moment of tax payment. For businesses that are not registered as VAT payers, the input VAT is included in the cost of goods, works, services purchased, and is charged to the period or capitalized accordingly.

Prepayments to suppliers and advances from customers are shown without VAT, since it is expected that such amounts will be paid for by supplying the relevant goods or services.

**Related parties.** Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise a significant influence or joint control over the other party in making financial and operational decisions.

Related parties include:

- Entities that directly or indirectly through one or more intermediaries control or are under the control of the entity;
- Associated companies;
- Individuals who, directly or indirectly, own a reporting part of entity that provides them the significant influence on that entity, as well as close family members of any such entity;
- Key management staff and family members of leading management staff;
- Entities in which a substantial part of the property belongs directly or indirectly to the person referred to in the third or fourth paragraphs, or those to which such person is capable of exercising significant influence.

## 4. Critical accounting estimates and judgments used in applying accounting policies

In applying of accounting policies, Management of the City makes judgments and estimates. The accounting estimates and judgments are constantly analyzed based on management's experience and other factors, including expectations about future events that management believes are justified in the light of current circumstances. Judgments that have the most significant impact on the amounts reflected in the Consolidated Financial Information, as well as estimates that may result in significant adjustments to the carrying amounts of assets and liabilities during the next reporting period shall include:

#### Assessment of receivables from exchange transactions.

Receivables from exchange transactions including receivables from households for utilities, are reviewed for impairment on an ongoing basis. In determining the need to reflect the impairment loss as a part of the surplus / (deficit) for the reporting period, the City analyzes the receivables for exchange transactions by maturity. Depending on the overdue period, the City applies the following provisioning rates:

- Less than 179 days overdue – 0%;
- From 180 to 365 days overdue – 50%;
- More than 365 days overdue – 100%.

During the reservation, the City applies professional judgment regarding the appropriateness of the reserve and assesses the credit rating of counterparties on an ongoing basis.

#### Valuation of investments in associates and subsidiaries.

Of the total number of self-supporting utility companies (institutions, organizations) (438), as of 31.12.2021 (2020: 444), 161 – legal entities are in the process of termination (liquidation, reorganization) (2020: 148), 1 company is on the territory Crimea (2020: 1), 8 – do not carry out financial and economic activities (2020: 9), and are not in the process of termination by decision of the owner.

Of the total number of budget institutions (1 469), as of December 31, 2021 (2020: 1 466), 61 legal entities are in the process of termination (liquidation, reorganization) (2020: 40).

The City also has investments in 32 enterprises (2020: 32 enterprises) with a share of ownership from 1% to 100%. As of December 31, 2021, the City had no control or significant influence over 25 enterprises (2020: 25 enterprises), of which 8 are in the process of liquidation, 13 do not carry out economic activities. Investments in such enterprises were not classified as associates or subsidiaries. The assets, liabilities and financial results of liquidated and non-liquidated enterprises were not included in the consolidated financial information as of December 31, 2021 and 2020.

**Deferred income.** The city uses significant judgments regarding recognition of liabilities on assets received free of charge from real estate developers and other investors. In some cases, there are no contractual liabilities regarding the transfer of assets, but since the City has certain liabilities to service these assets, which are related to the provision of public services to the residents, the City believes that the income from assets received free of charge may be recognized during the depreciation period of these assets.

**Investment property.** The city considers that the assets held for the provision of social services, for example, for leasing to public organizations, creative unions, budget institutions of municipal and state property at lower than market rental rates, shall not be treated as investment property but be classified as property, plant and equipment. The management of the City considers that, in such a situation, assets are not held for rental income or capital appreciation, and the gain earned is related to the purposes for which such assets are held. Such properties do not belong to the category of investment property and are accounted for in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) 17 «Property, plant and equipment».

## 5. Related party transactions

### Key management personnel.

Information about operations with key management personnel is presented below.

#### Remuneration to key management personnel for 2021 year, thousand UAH:

	Annual salary paid	Salary accruals	Total annual salary and accruals
Head of the Kyiv City State Administration	499	140	639
First Deputy Head of the Kyiv City State Administration	588	148	736
First Deputy Chairman for Self-Government Powers of Kyiv City State Administration	588	148	736
Deputies of the Head of the Kyiv City State Administration (12 persons)	5 597	1 497	7 094
Head of the Executive Office of the Kyiv City State Administration	631	167	798
Director of the Department of Construction and Housing Provision	196	55	251
Director of the Department of Internal Financial Control and Audit	562	159	721
Director of the Department of Economy and Investments	640	167	807
Director of the Department of Housing and Municipal Infrastructure	511	141	652
Acting Director of the Department for State Architectural and Construction Control	557	154	711
Director of the Department for Registration	652	170	822
Director of the Department of Land Resources	635	179	814
Director of the Department of Information and Communication Technologies	115	32	147
Director of the Department of Municipal Property of the City of Kyiv	646	142	788
Director of the Department of Culture	358	101	459
Director of the Department of Urban Planning and Architecture	474	134	608
Director of the Department of City Improvement	658	150	808
Director of the Department of Youth and Sports	408	115	523
Director of the Department of Municipal Security	635	179	814
Director of the Department of Education and Science	504	142	646
Director of the Department of Health Care	570	161	731
Director of the Department of Cultural Legacy Protection	566	160	726
Director of the Department of Industry and Entrepreneurship Development	489	144	633
Director of the Department of Social Policy	561	158	719
Director of the Department of Social Communications	623	163	786
Director of the Department of Transport Infrastructure	423	93	516
Director of the Department of Finance	603	155	758
Director of the Department (Center) of Administrative Services	638	169	807
Director of the State Archive of the City of Kyiv	312	109	421
Head of the Service for Children and Family	516	145	661
Head of the Department of Ecology and Natural Resources	167	54	221
Head of the Department for Advertisement	304	86	390
Head of the Department (Inspectorate) of Self-Government Control	494	139	633
Head of the Department of Tourism and Promotions	496	140	636
<b>Total</b>	<b>22 216</b>	<b>5 996</b>	<b>28 212</b>

#### Remuneration to key management personnel for 2020 year, thousand UAH:

	Annual salary paid	Salary accruals	Total annual salary and accruals
Head of the Kyiv City State Administration	518	112	630
First Deputy Head of the Kyiv City State Administration	253	44	297
Deputies of the Head of the Kyiv City State Administration (7 persons)	4 074	743	4 817
Head of the Executive Office of the Kyiv City State Administration	679	136	815
Director of the Department of Construction and Housing Provision	816	94	910
Director of the Department of Internal Financial Control and Audit	667	147	814
Director of the Department of Economy and Investments	735	142	877
Director of the Department of Housing and Municipal Infrastructure	637	128	765
Director of the Department for State Architectural and Construction Control	581	122	703
Director of the Department for Registration	749	146	895
Director of the Department of Land Resources	758	149	907
Director of the Department of Information and Communication Technologies	174	38	212
Director of the Department of Municipal Property of the City of Kyiv	618	128	746
Director of the Department of Culture	618	128	746
Director of the Department of Urban Planning and Architecture	523	115	638
Director of the Department of City Improvement	612	120	732
Director of the Department of Youth and Sports	337	74	411
Director of the Department of Education and Science	610	134	744
Director of the Department of Health Care	667	129	796
Director of the Department of Cultural Legacy Protection	628	138	766
Director of the Department of Industry and Entrepreneurship Development	760	167	927
Director of the Department of Social Policy	611	134	745
Director of the Department of Social Communications	683	138	821
Director of the Department of Transport Infrastructure	564	124	688
Director of the Department of Finance	645	133	778
Director of the Department (Center) of Administrative Services	763	147	910
Director of the State Archive of the City of Kyiv	677	137	814
Head of the Service for Children and Family	602	128	730
Head of the Department of Ecology and Natural Resources	403	89	492
Head of the Department for Advertisement	569	125	694
Head of the Department (Inspectorate) of Self-Government Control	227	50	277
Head of the Department of Tourism and Promotions	618	128	746
<b>Total</b>	<b>22 376</b>	<b>4 467</b>	<b>26 843</b>

## 6. Fixed assets

Indicators, thousand UAH	Land plots	Buildings and facilities	Machinery and equipment	Vehicles	Construction in progress	Other fixed assets	Total
<b>As of January 01, 2020</b>							
Cost	13 019 127	154 429 733	7 374 685	20 875 988	33 092 003	5 940 679	234 732 215
Accumulated depreciation	-	(82 348 090)	(6 524 823)	(4 665 770)	(5 516)	(2 082 194)	(95 626 393)
<b>Net book value</b>	<b>13 019 127</b>	<b>72 081 643</b>	<b>849 862</b>	<b>16 210 218</b>	<b>33 086 487</b>	<b>3 858 485</b>	<b>139 105 822</b>
Additions, disposals, and other transfers	5 566 459	9 356 215	2 060 433	1 582 203	6 120 467	1 449 583	26 135 360
The result of the termination of recognition of housing as a result of privatization	375 204	84 659 094	98 925	(821 348)	-	5 555	84 317 430
Revaluation of fixed assets	-	(80 399 645)	(1 496 522)	(1 538 862)	-	(347 148)	(83 782 177)
Depreciation for the period	-	-	-	1 743 912	-	-	1 743 912
<b>As of December 31, 2020:</b>							
Cost	18 960 790	248 445 042	9 534 043	21 636 843	39 212 470	7 395 817	345 185 005
Accumulated depreciation	-	(162 747 735)	(8 021 345)	(4 460 720)	(5 516)	(2 429 342)	(177 664 658)
<b>Residual value</b>	<b>18 960 790</b>	<b>85 697 307</b>	<b>1 512 698</b>	<b>17 176 123</b>	<b>39 206 954</b>	<b>4 966 475</b>	<b>167 520 347</b>
Accumulated depreciation	(850 907)	2 888 155	2 565 802	1 562 971	8 033 041	1 413 798	17 176 438
Revaluation of fixed assets	10	14 237 157	9 916	2 760	-	20 913	14 270 756
Depreciation for the period	-	(11 577 089)	(1 594 645)	(2 043 359)	-	(424 772)	(15 639 865)
The result of recognizing the revaluation for the year	-	(239 971)	-	-	-	-	(239 971)
<b>As of December 31, 2021:</b>							
Cost	18 109 893	265 570 354	12 109 761	23 202 574	47 245 511	8 830 528	375 068 621
Accumulated depreciation	-	(174 564 795)	(9 615 990)	(6 504 079)	(5 516)	(2 854 114)	(193 544 494)
<b>Residual value</b>	<b>18 109 893</b>	<b>91 005 559</b>	<b>2 493 771</b>	<b>16 698 495</b>	<b>47 239 995</b>	<b>5 976 414</b>	<b>181 524 127</b>

During 2021, some companies conducted a revaluation of fixed assets. For this purpose, independent appraisers were involved, who determined the fair value of fixed assets.

The category «Buildings and structures» includes objects of communal property, which in pursuance of the relevant decisions of the Kyiv City Council were transferred free of charge to the management of executive authorities, law enforcement agencies, judicial authorities, etc. without changing the form of ownership.

## 7. Investment property

As of December 31, 2020 and 2021, the investment and structures leased to commercial enterprises on property is represented by non-residential buildings market-based terms and conditions.

## 8. Intangible assets

Indicators, thousand UAH	Property use rights	Software	Other intangible assets	Total
<b>As of January 1, 2021:</b>				
Initial value	192 331	30 142	919 107	1 141 580
Accumulated depreciation and impairment	(1 876)	(12 542)	(251 060)	(265 478)
<b>Residual value</b>	<b>190 455</b>	<b>17 600</b>	<b>668 047</b>	<b>876 102</b>
Additions	2 899 448	28 355	2 434 782	5 362 585
Disposal	-	(14 400)	(310 000)	(324 400)
Depreciation for the period	(1 738)	(2 924)	(199 950)	(204 612)
<b>As of December 31, 2021:</b>				
Initial value	3 091 779	44 097	3 043 889	6 179 765
Accumulated depreciation and impairment	(3 614)	(15 466)	(451 010)	(470 090)
<b>Residual value</b>	<b>3 088 165</b>	<b>28 631</b>	<b>2 592 879</b>	<b>5 709 675</b>

## 9. Investments accounted for using the equity method

In June 2016, the national Bank of Ukraine decided to of the City's investment in PJSC CB Khreschatyk as revoke the banking license of PJSC CB «Khreschatyk» at December 31, 2020 and 2021 in the consolidated and liquidate it. Correspondingly, the total amount statement of financial condition was zero.

## 10. Receivables from exchange transactions

Indicators, thousand UAH	December 31, 2021	December 31, 2020
<b>Long-term receivables from exchange transactions</b>	<b>397 547</b>	<b>616 940</b>
<b>Total long-term receivables from exchange transactions</b>	<b>397 547</b>	<b>616 940</b>
<b>Current receivables</b>		
Debts for goods and services	11 465 784	8 935 637
Debts on other exchange transactions	2 636 626	3 625 370
Provision for doubtful debts	(4 132 690)	(3 330 779)
Total financial receivables	9 969 720	9 230 228
Prepay	909 825	2 667 324
Provision for doubtful debts	(4 151)	(99 520)
<b>Total current receivables</b>	<b>10 875 394</b>	<b>11 798 032</b>

### Reconciliation of the provision for impairment of receivables:

Indicators, thousand UAH	2021 Sum of reserves	2020 Sum of reserves
<b>on January 1</b>	<b>3 430 299</b>	<b>99 836</b>
Change in reserve in the current period	706 542	3 330 463
<b>As of December 31</b>	<b>4 136 841</b>	<b>3 430 299</b>

### The following is an analysis of financial receivables by credit quality:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
<b>Neither past due nor impaired, other than receivables from households for utilities</b>		
Receivables for services and goods provided	821 116	2 283 568
Other receivables from exchange transactions	1 973 014	458 910
<b>Total neither past due nor impaired</b>	<b>2 794 130</b>	<b>2 742 478</b>
<b>As due, but not impaired, other than receivables from households and utilities</b>		
From 1 to 30 days	1 178 111	795 602
From 31 to 90 days	640 332	237 875
From 91 to 180 days	197 068	83 004
<b>Total past due, but not impaired</b>	<b>2 015 511</b>	<b>1 116 481</b>
<b>Past due and impaired, except for receivables from households for utilities</b>		
From 181 to 360 days	626 633	293 571
Over 360 days	1 047 128	2 904 442
<b>Total past due and impaired</b>	<b>1 673 761</b>	<b>3 198 013</b>
Receivables from households for utilities	7 142 272	6 045 076
Other receivables	1 277 831	75 899
<b>Total financial receivables</b>	<b>14 903 505</b>	<b>13 177 947</b>
Allowance for estimated irrecoverable amounts	(4 136 841)	(3 330 779)
<b>Total financial receivables excluding allowance</b>	<b>10 766 664</b>	<b>9 847 168</b>

## 11. Inventories

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Auxiliary and other materials	1 569 297	1 541 527
Apartments and non-residential premises	493 017	460 631
Merchandise for resale	239 966	455 414
Spare parts	400 329	333 535
Finished goods and work in progress	206	73 133
Construction in progress under construction contracts	1 736 396	16 103
Other inventories	3 452 472	2 413 178
<b>Total Inventories</b>	<b>7 891 683</b>	<b>5 293 521</b>

## 12. Receivables from non-exchange transactions

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Receivables from land tax	1 250 171	1 122 600
Receivables from corporate income tax	684 645	604 522
Receivables from personal income tax	644 628	590 522
Receivables from other taxes and charges of the General and Special Fund	331 680	564 547
Receivables from excise tax	511 290	484 398
Receivables from planned allocation of expenditures to benefits and subsidies to households	27 495	27 290
<b>Total receivables from non-exchange transactions</b>	<b>3 449 909</b>	<b>3 393 879</b>

## 13. Cash and cash equivalents

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Treasury accounts	4 006 752	4 968 442
Bank accounts	5 621 303	1 990 403
Short-term deposits	285 633	374 249
Other cash and cash equivalents	353 738	375 014
Cash on hand and in transit	18 359	17 391
<b>Total cash and cash equivalents</b>	<b>10 285 785</b>	<b>7 725 499</b>

Analysis of cash and cash equivalents by credit quality is presented below based on the ratings of the international rating agency Moody's, or ratings assigned by other international rating agencies converted to the closest equivalent on the Moody's rating scale.

### Analysis of cash and cash equivalents as of December 31, 2021:

Indicators, thousand UAH	Bank accounts	Treasury accounts	Short-term deposits	Other cash	Total
<b>Moody's rating</b>					
B3	5 498 050	4 006 752	268 000	-	9 772 802
B2	2 985	-	-	-	2 985
Caa2	-	-	-	-	-
Unrated	120 268	-	17 633	372 097	509 998
<b>Total</b>	<b>5 621 303</b>	<b>4 006 752</b>	<b>285 633</b>	<b>372 097</b>	<b>10 285 785</b>

### Analysis of cash and cash equivalents as of December 31, 2020:

Indicators, thousand UAH	Bank accounts	Treasury accounts	Short-term deposits	Other cash	Total
<b>Moody's rating</b>					
B3	1 424 658	4 968 442	372 719	4 360	6 770 179
Caa1	4 511	-	-	-	4 511
Caa2	-	-	-	5 133	5 133
Unrated	561 235	-	1 530	382 911	945 676
<b>Total</b>	<b>1 990 404</b>	<b>4 968 442</b>	<b>374 249</b>	<b>392 404</b>	<b>7 725 499</b>

## 14. Other non-current assets

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Prepayments for property, plant and equipment	3 959 378	4 129 257
Municipal property held for sale	24 474	71 957
Other non-current assets held for sale	-	-
Cash on accounts with non-performing banks	-	-
Other	15 744	7 609
<b>Total other non-current assets</b>	<b>3 999 596</b>	<b>4 208 823</b>

## 15. Borrowings

Long-term borrowings of the City are presented as follows:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Borrowings from the Ministry of Finance of Ukraine	3 688 453	4 962 192
Eurobonds	1 570	3 253 615
Bank borrowings	1 239 374	240 612
Other long-term borrowings	1 100 023	-
<b>Total long-term borrowings</b>	<b>6 029 420</b>	<b>8 456 419</b>

Short-term borrowings of the City are presented as follows:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Borrowings from the Ministry of Finance of Ukraine	-	-
Treasury borrowings	-	3 688 454
Eurobonds	-	-
Borrowings from international organizations	-	-
Domestic local loan bonds	770 000	770 000
Bank borrowings	-	150 347
Other short-term borrowings	3 694 075	-
<b>Total short-term borrowings</b>	<b>4 464 075</b>	<b>4 608 801</b>

Analysis of borrowings by currency is represented below:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
UAH	6 027 850	8 985 807
USD	1 570	3 929 066
EUR	-	150 347
<b>Total borrowings</b>	<b>6 029 420</b>	<b>13 065 220</b>

Analysis of borrowings by maturity is represented below:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
With undetermined maturity	3 688 454	3 688 454
Less than 6 months	-	770 000
From 6 to 12 months	-	390 959
From 1 to 5 years	2 340 966	4 962 192
More than 5 years	-	3 253 615
<b>Total borrowings</b>	<b>6 029 420</b>	<b>13 065 220</b>

Interest rates on borrowings are given below:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
borrowings from the Ministry of Finance of Ukraine	-	7,75%*
Eurobonds	7,5	-
Domestic local bonds	-	11,00%
Bank borrowings	14,5	-
Borrowings from international organizations	-	-

\* As part of the loan repayment from the Ministry of Finance of Ukraine, the City reimburses in full the expenses of the Ministry of Finance of Ukraine on external government bonds of Ukraine during 2015-2020 and government derivatives during 2020-2040. This interest rate corresponds to the nominal rate of the coupon on foreign government bonds of Ukraine. The city cannot reliably determine the effective rate on the loan, as the costs of servicing government derivatives during 2020-2040 cannot be reliably predicted.

The following is the movement of borrowings:

Indicators, thousand UAH	2021	2020
Borrowings at the beginning of the year	13 065 220	11 392 547
Borrowings received	2 576 449	770 000
Borrowings repaid	(13 066 790)	-
Interest accrued	233 912	242 940
Interest paid	(233 912)	(242 940)
Foreign currency exchange differences	-	902 673
<b>Borrowings as at the end of the year</b>	<b>2 574 879</b>	<b>13 065 220</b>

**Treasury borrowings.** Under the Budget Code of Ukraine, Article 73, Paragraph 3 (effective until 1 January 2015), according to the relevant local council's decision, local state administrations and executive bodies of relevant local councils could receive medium-term repayable non-interest bearing borrowings from the unified Treasury account in the amount of estimated income budget as defined in the State Budget Law of Ukraine for the respective reporting period. The procedure and conditions of obtaining and repayment of these borrowings were determined by the Cabinet of Ministers of Ukraine. From 2009 to 2013 the City received medium-term borrowing in the amount of UAH 3 761 755 thousand. In 2014, the City repaid UAH 73 301 thousand of borrowings. On December 28, 2014, amendments were made to the Budget code, according to which the repayment of debt on medium-term loans to the state budget, which is registered in the State Treasury service, was postponed until further legislative guidance. Accordingly, in 2020 and 2021, the City did not make payments on these borrowings.

## 16. Long-term reserves

The following is information on changes in the amount of the provision for liabilities and deductions:

Indicators, thousand UAH	Reserves
<b>Balance at January 1, 2020</b>	<b>678 762</b>
Charges in the current year	92 294
Utilization of the reserves	(60 178)
<b>Balance at December 31, 2020</b>	<b>710 878</b>
Charges in the current year	38 031
Utilization of the reserves	(65 775)
<b>Balance at December 31, 2021</b>	<b>683 134</b>

Reserves are formed taking into account the needs of the probable amount required to cover the reserve and are used only for the purposes for which they were created. Reserves are revalued at each balance sheet date.

## 17. Other non-current liabilities

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Long-term debt under construction contracts	37 774 683	23 185 453
Long-term commitments for financing from the state budget	12 504 499	9 393 760
Other long-term liabilities	1 243 774	8 090 220
<b>Total other long-term liabilities</b>	<b>51 522 956</b>	<b>40 669 433</b>

## 18. Deferred income

Deferred income as of December 31, 2020 and 2021 in the amount of UAH 5 314 345 thousand and UAH 15 340 777 thousand, respectively, is represented by targeted funding from the State budget, other targeted funding and assets received free of charge from third parties.

## 19. Payables under exchange transactions

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Payables for goods, works and services	11 362 025	6 510 544
Advances received	2 647 794	2 049 946
Payables to third parties	10 471	262 560
Payables to employees	231 718	1 731
Other payables	1 036 252	1 560 413
<b>Total payables from exchange transactions</b>	<b>15 288 260</b>	<b>10 385 194</b>

## 20. Accounts payable for taxes and transfers

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Payables on other taxes and transfers	149 669	127 188
VAT payable	30 589	64 946
Payables on transfers to the Pension Fund of Ukraine	34 294	31 751
Other payables for taxes and transfers	267 870	170 791
<b>Total taxes and transfers payables</b>	<b>482 422</b>	<b>394 676</b>

## 21. Current reserves

During 2021 and 2020, the following changes took place in the reserves for liabilities and deductions:

Indicators, thousand UAH	Reserves for fulfillment of obligations under construction contracts	Ensuring the execution of court decisions	Reserve of unused vacations	Other	Total
<b>Balance at 01 January 2020</b>	<b>72 816</b>	<b>1 120 292</b>	<b>371 431</b>	<b>43 847</b>	<b>1 608 386</b>
Charges in the 2020	699	709	818 589	89 720	909 717
Utilization of provision	(796)	(4 910)	(679 718)	(47 747)	(733 171)
<b>Balance at December 31, 2020</b>	<b>72 719</b>	<b>1 116 091</b>	<b>510 302</b>	<b>85 820</b>	<b>1 784 932</b>
Charges in the current year	0	2 766	798 251	89 457	890 474
Utilization of provision	0	(500 860)	(1 083 088)	(23 074)	(1 607 022)
<b>Balance at December 31, 2021</b>	<b>72 719</b>	<b>617 997</b>	<b>225 465</b>	<b>152 203</b>	<b>1 068 384</b>

The rest of the security for the execution of court decisions as of December 31, 2020 and December 31, 2021 includes mostly recognized penalties in court cases for late payment of electricity. Other reserves are formed based on the probable amount required to cover the reserve and are included in current expenses.

## 22. Other current liabilities

As of 31 December 2020 and 2021, other current liabilities amounted to UAH 3 470 988 thousand and UAH 3 714 763 thousand, respectively.



## REVENUE

### 23. Subventions and dotations

Indicators, thousand UAH	2021	2020
Educational subvention from the state budget to local budgets	5 407 135	4 202 014
Medical subvention from the state budget to local budgets	-	1 126 026
Subvention from the state budget to local budgets to support individual institutions and activities in the health care system	662 815	394 460
Subvention from the state budget to local budgets for the implementation of measures for socio-economic development of individual territories	-	128 027
Subvention from the state budget to local budgets to provide quality modern and affordable general secondary education "New Ukrainian School"	53 097	97 339
Subvention from the state budget to local budgets to provide oxygen supply to the bed stock of health care facilities that provide inpatient care to patients with acute respiratory disease COVID-19 caused by coronavirus SARS-CoV	8 418	63 794
Subvention from the state budget to local budgets for the payment of monetary compensation for housing for the families of deceased persons, defined by paragraphs 5 - 8 of paragraph 1 of Article 10, as well as for persons with disabilities I - II groups, defined by paragraphs 11 - 14 of part two of Article 7 of the Law of Ukraine "On the status of war veterans, guarantees of their social protection", and persons who have lost the functionality of the lower extremities, whose disability occurred due to injury, contusion, mutilation or disease received during direct participation in the anti-terrorist operation and in need of better housing conditions	164 999	62 478
Subvention from the state budget to local budgets for elections of deputies of local councils and village, settlement, city mayors	-	58 258
Subvention from the state budget to local budgets for the payment of monetary compensation for adequate accommodation for internally displaced persons	-	46 256
Subvention from the state budget to local budgets for the provision of state support to persons with special educational needs	26 840	28 156
Subvention from the state budget to local budgets to ensure the implementation of certain measures aimed at preventing the occurrence and spread, localization and elimination of outbreaks, epidemics and pandemics of acute respiratory disease COVID-19	-	22 521
Subvention from the state budget of the budget of the city of Kyiv for the implementation of the project on thermal modernization of the gymnasium № 290 at the address: st. Revutskoho, 13a in Darnytskyi district	6 598	20 850
Subvention from the state budget to local budgets for the implementation of the program "Able school for better results"	35 787	19 980
Subvention from the state budget to local budgets for the payment of monetary compensation for housing available to the families of the deceased	-	15 030
Subvention from the state budget to local budgets for construction / overhaul / reconstruction of small group houses, supported housing, construction / purchase of housing for family-type orphanages, social housing for orphans, children deprived of parental care, persons from among them, manufacture design and estimate documentation	-	11 252

Indicators, thousand UAH	2021	2020
Subvention from the state budget to local budgets for additional payments to medical and other employees of health care facilities at the expense of funds allocated from the fund to combat acute respiratory disease COVID-19 caused by coronavirus SARS-CoV	-	10 708
Subvention from the state budget to local budgets for modernization and renewal of material and technical base of vocational schools of the state form of ownership	-	10 286
Subsidy from the state budget to local budgets for the creation of a network of specialized support services for persons who have suffered from domestic violence and/or gender-based violence	9 764	-
Subsidy from the state budget to local budgets for the construction of temporary health care facilities (specialized hospitals) to provide medical care to patients with acute respiratory disease COVID-19 caused by the SARS-CoV-2 coronavirus,	55 836	-
Subsidy from the state budget to local budgets for the payment of state social assistance for orphans and children deprived of parental care, financial support for foster parents and foster parents for the provision of social services	14 703	-
Subsidy from the state budget to local budgets for the creation of educational and practical centers of modern professional (vocational and technical) education	5 950	-
Subsidy from the state budget to local budgets for the implementation of infrastructure projects and the development of objects in the social and cultural sphere	28 500	-
Additional subsidy from the state budget to local budgets to compensate for the loss of income of local budgets as a result of the tax benefits provided by the state for the payment of land tax to subjects of space activities and aircraft construction	52 543	52 714
<b>Total subventions and donations</b>	<b>6 532 985</b>	<b>6 370 149</b>

### 24. Local taxes and charges to the General Fund

Indicators, thousand UAH	2021	2020
Single tax	9 823 594	7 625 848
Rental fees for the use of natural resources	31 595	2 892 611
Land tax	2 059 555	1 962 980
Property tax, other than on land	2 079 510	1 483 120
Transport tax	52 790	71 510
Tourist tax	-	34 693
Parking fee for vehicles	76 422	2 240
Other local taxes and general fund fees (refunds)	3 106 141	(12)
<b>Total local taxes and general fund fees</b>	<b>17 229 607</b>	<b>14 072 990</b>

## 25. Administrative fees and charges, revenue from non-commercial business activities

Indicators, thousand UAH	2021	2020
License and certificate fees	201 529	183 419
Rental proceeds	52 287	88 758
State custom duties	61 566	49 873
State registration fees	-	5 820
Other administrative service fees	334 742	241 454
<b>Total administrative fees and charges, revenue from non-commercial business activities</b>	<b>650 124</b>	<b>569 324</b>

## 26. Duties and fees for the special use of natural resources

Indicators, thousand UAH	2021	2020
Rent fees for the special use of water	24 502	23 401
Rent fees for the use of mineral resources	5 990	5 658
Rent fees for the special use of forest resources	723	1 199
Fees for the use of other natural resources	380	712
<b>Total duties and fees for the special use of natural resources</b>	<b>31 595</b>	<b>30 970</b>

## 27. Other non-tax proceeds and other budget revenue

Indicators, thousand UAH	2021	2020
Proceeds for damage caused to state and municipal land plots not provided into use or property, as the result of their unlawful occupation and usage not for the purpose intended, removal of top soil	-	3
Funds received by the participants of the procurement procedure/simplified procurement procedure as security or during the conclusion of the contract of their tender proposal/simplified procurement participant's proposal, which are not subject to return to these participants	145	-
Other proceeds	151 227	93 944
<b>Total non-tax proceeds and other budget revenue</b>	<b>151 372</b>	<b>93 947</b>

## 28. Income from exchange transactions of the budget institutions

Indicators, thousand UAH	2021	2020
Receipts of budget entities from enterprises, organizations, individuals and other budgetary institutions for special purpose activities	1 984 984	1 135 630
Charitable contributions, grants and gifts	1 452 008	981 001
Fees for services provided by budget entities in the normal course of their primary activities	1 215 774	648 648
Rental fees for properties of budget entities	52 197	57 280
<b>Total income from exchange transactions of budget institutions</b>	<b>4 704 963</b>	<b>2 822 559</b>

## 29. Taxes and other charges of the Special Fund

Indicators, thousand UAH	2021	2020
Proceeds from customs payments, credited to local budget	-	-
Ecological tax	43 622	16 182
Proceeds from emission of pollutants directly into bodies of water	-	10 360
Proceeds from disposal of waste to specially allocated areas or within facilities, except for disposal of separate types of waste as recycling raw material	-	8 670
Other taxes and duties (return)	-	19
<b>Total taxes and other charges to the Special Fund</b>	<b>43 622</b>	<b>35 231</b>

## 30. Other non-tax proceeds

Indicators, thousand UAH	2021	2020
Proceeds from interest participation in infrastructure development	79 200	332 194
Proceeds from compensated losses of agricultural and forestry production	2 721	1 680
Other proceeds	1 240	-
<b>Total other non-tax proceeds</b>	<b>83 161</b>	<b>333 874</b>

## 31. Subventions (the Special Fund)

Indicators, thousand UAH	2021	2020
Grant from the state budget to local budgets for financial support of construction, reconstruction, repair, and maintenance of local common roads, municipal streets and roads in settlements	2 247 525	2 217 297
Subsidy from the state budget to local budgets for repayment of the difference between the actual cost of communal services produced, transported and supplied to the population and/or other enterprises	987 777	-
Subvention from the state budget to local budgets for the implementation of measures for the socio-economic development of certain territories	387 144	-
<b>Total subventions (the Special Fund)</b>	<b>3 622 446</b>	<b>2 217 297</b>

## 32. Income from exchange transactions of municipal and corporate entities

Indicators, thousand UAH	2021	2020
Housing and utilities	23 369 857	21 766 964
Transport, road facilities, communication, telecommunications	12 560 256	9 252 526
Health Care	6 535 889	5 942 862
Other services related to economic activities	2 130 851	1 518 248
Construction	782 723	576 142
Culture and arts	492 955	378 046
Education	68 293	61 553
Other income from exchange transactions	1 068 630	809 233
<b>Total income from exchange transactions of municipal and corporate entities</b>	<b>47 009 454</b>	<b>40 305 574</b>

### 33. Other income of budget, communal and corporate entities

Indicators, thousand UAH	2021	2020
Income from depreciation for state funds	1 805 211	935 270
Assets received for free	999 145	728 569
Income from maintenance of buildings, structures, and services	531 852	213 994
Income from sale of financial investments	215 915	135 612
Income from previously received state grants associated with assets	199 214	128 635
Penalties, fines, forfeits	183 175	120 915
Recognition of grant for receipt for repayment of liabilities before EBRD	100 153	67 266
Income from rent payment	98 521	42 329
Income from liquidation	54 315	17 503
Income on reimbursement from the budget of exchange losses and other payments connected with loan repayment	22 101	15 417
Income from depreciation of non-current assets received for free	800 254	-
Income from discounting long-term liabilities	500 473	-
Income in the amount of accrued depreciation of non-current assets acquired for budget financing	300 285	-
Income in the amount of accrued depreciation from non-current assets received for free under decisions of KCSA	-	-
Bank interest accrued on balance of funds	14 758	-
Services on equipment maintenance and location	22 648	-
Other income	8 287 929	4 777 738
<b>Total other revenues of budget, utility and joint-stock companies</b>	<b>14 135 949</b>	<b>7 183 248</b>

### EXPENSES

Operating expenses of the City by business segments and nature are disclosed in the Notes 34-42.

#### 34. Housing and utilities

Indicators, thousand UAH	2021	2020
Consumables and other materials	18 648 495	11 259 716
Payroll and salary related charges	3 990 698	3 087 534
Water, heating, energy and other utilities	5 968 303	1 466 187
Amortization	817 136	1 378 200
Social assistance payments	2 572 795	1 189 048
Used services	637 238	745 218
Repair and maintenance expenses	455 788	441 035
Taxes and charges to the State Budget	704	173 219
Transportation	19	122 670
Rental expenses	13	550
Other expenses	419 802	4 234 406
<b>Total housing and utilities</b>	<b>33 510 991</b>	<b>24 097 783</b>

#### 35. Education

Indicators, thousand UAH	2021	2020
Payroll and salary related charges	13 908 533	11 059 509
Water, heating, electricity and other utilities	3 354 284	2 228 930
Repair and maintenance costs	3 472 348	2 128 141
Consumables and other materials	1 077 204	1 062 946
Social assistance payments	500 482	217 162
Used services	391 201	190 278
Amortization	29 426	25 913
Rental costs	6 333	6 864
Transportation costs	718	770
Other expenses	4 571 825	3 529 780
<b>Total education</b>	<b>27 312 354</b>	<b>20 450 293</b>

#### 36. Health care

Indicators, thousand UAH	2021	2020
Payroll and salary related charges	10 656 995	7 684 692
Social assistance payments	5 230 524	3 731 201
Consumables and other materials	2 946 441	3 602 042
Repair and maintenance costs	3 700 452	1 538 873
Amortization	1 173 075	881 948
Used services	7 878	324 555
Water, heating, electricity and other utilities	11 279	253 921
Taxes and fees to the state budget	-	24 658
Other expenses	2 234 763	1 655 479
<b>Total health care</b>	<b>25 961 407</b>	<b>19 697 369</b>

### 37. Construction

Indicators, thousand UAH	2021	2020
Consumables and other materials	389 016	662 970
Wages and payroll	112 070	117 913
Used services	1 191	10 701
Amortization	5 199	6 403
Taxes and fees to the state budget	184	781
Repair and maintenance costs	383	212
Transportation costs	-	103
Water, heating, electricity and other utilities	178	115
Other expenses	17 540	1 184 430
<b>Total construction</b>	<b>525 761</b>	<b>1 983 628</b>

### 38. Transport, road facilities, communication, telecommunications and informational technologies

Indicators, thousand UAH	2021	2020
Social assistance payments	4 934 740	5 124 357
Wages and payroll	4 376 371	3 734 350
Amortization	3 335 522	2 802 132
Consumables and other materials	1 024 189	1 997 446
Water, heating, electricity and other utilities	970 767	813 555
Used services	201 197	288 608
Repair and maintenance costs	314 888	210 124
Taxes and fees to the state budget	5 332	19 659
Transportation costs	5 577	24 402
Rental costs	3 254	360
Other expenses	2 746 171	6 325 052
<b>Total transport, roads, communications, telecommunications and computer science</b>	<b>17 918 008</b>	<b>21 340 045</b>

### 39. Social care and social security

Indicators, thousand UAH	2021	2020
Benefits, subsidies and other social benefits	2 228 496	2 428 594
Wages and payroll	2 697 806	936 813
Used services	14 554	5 035
Consumables and other materials	5 974	1 073
Water, heating, electricity and other utilities	53 540	861
Repair and maintenance costs	28 325	527
Other expenses	87 752	894 007
<b>Total social protection and social security</b>	<b>5 116 447</b>	<b>4 266 910</b>

### 40. Culture and arts

Indicators, thousand UAH	2021	2020
Payroll and salary related charges	1 117 160	994 038
Repair and maintenance costs	170 172	161 207
Amortization	99 218	121 022
Used services	108 803	133 795
Water, heating, electricity and other utilities	125 691	41 629
Consumables and other materials	69 894	25 573
Other expenses	856 618	419 816
<b>Total culture and arts</b>	<b>2 547 556</b>	<b>1 897 080</b>

### 41. Other services related to the economic activities

Indicators, thousand UAH	2021	2020
Used services	1 494 258	970 555
Social assistance payments	646 550	616 856
Payroll and salary related charges	333 868	289 941
Amortization	29 045	22 860
Water, heating, energy and other utilities	14 985	8 861
Rental expenses	8 947	8 273
Consumables and other materials	3 137	3 996
Repair and maintenance expenses	2 596	3 900
Other expenses	1 226 823	597 069
<b>Total other services related to economic activities</b>	<b>3 760 209</b>	<b>2 522 311</b>

### 42. State administration

Indicators, thousand UAH	2021	2020
Payroll and salary related charges	2 262 165	1 925 308
Social assistance payments	29 105	145 140
Used services	239 812	142 181
Repair and maintenance expenses	341 251	93 325
Consumables and other materials	46 320	35 866
Water, heating, electricity and other utilities	15 019	28 949
Other expenses	499 863	499 863
<b>Total public administration</b>	<b>3 433 535</b>	<b>2 870 632</b>

### 43. Transfers to the State Budget and other budgets

According to the Budget Code of Ukraine, the City transfers funds to the State Budget of Ukraine if the estimated amount of local budget revenues exceeds the estimated amount of expenditures. The amount to be transferred is determined using financial standards of budget security and adjustment factors.

In 2021, the vast majority of these funds were presented by a subvention from the local budget to the state budget for the implementation of programs of socio-economic and cultural development of the regions and amounted to UAH 277 353 thousand (2020: UAH 155 357 thousand).

## 44. Financial expenses

Indicators, thousand UAH	2021	2020
Interest expenses	1 643 334	1 607 388
Depreciation of discount on long-term debt	152 201	176 944
Expenses for discounting liabilities under pension plans	79 487	87 595
Interest on financial leasing	80 679	4 132
Other expenses	17 347	70 247
<b>Total financial costs</b>	<b>1 973 048</b>	<b>1 946 306</b>

## 45. Contingents and other liabilities

The City believes that appropriate provisions have Operating lease obligations. Future minimum been established for all material liabilities in this payments under operating leases are as follows: consolidated financial information:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Up to 1 year	2 330	148
From 1 to 5 year	636	30 974
More than 5 years	-	-
<b>Total future minimum lease payments</b>	<b>2 966</b>	<b>31 122</b>

## 46. Financial risk management

During normal operating course of the City, exposure to currency, commodity, interest rate, liquidity, and credit risk arises. This Note provides the information about the City's exposure to each of the above-mentioned risks, policies and processes for measuring and managing risks, as well as information about fair value of all financial and non-financial assets and liabilities measured at fair value. Further quantitative disclosures are included throughout this Special Purpose Consolidated Financial Information.

Fair value. Fair value estimates are analyzed at the levels of the fair value hierarchy as follows: (I) the first level are estimates at quoted prices (without adjustments) in active markets for identical assets and liabilities;

(II) the second level are estimates with all material parameters available for monitoring assets and liabilities either directly (based on prices) or indirectly (i.e., derived from prices); and (III) the third level are estimates that are not based solely on market data (i.e., the estimate requires significant application of parameters for which there are no market observations). When classifying financial instruments using the fair value hierarchy, professional judgment is used. Fair value of cash and cash equivalents corresponds to the carrying value due to the short-term nature of such instrument.

Fair value by hierarchy level and the corresponding carrying value of assets and liabilities are shown below:

### As of December 31, 2021:

Indicators, thousand UAH	Fair value			Carrying value
	Financial assets	Level 2	Level 3	
Financial assets				
Investments	-	-	19 585	19 585
Receivables	-	-	14 363 489	14 363 489
Non-financial assets				
Fixed assets	-	-	181 524 127	181 524 127
Total assets	-	-	195 907 201	195 907 201
Financial liabilities				
Payables	-	-	18 284 143	17 565 124
Loan	-	-	4 464 075	4 464 075
<b>Total commitment</b>	<b>-</b>	<b>-</b>	<b>22 748 218</b>	<b>22 029 199</b>

### As of December 31, 2020:

Indicators, thousand UAH	Fair value			Carrying value
	Financial assets	Level 2	Level 3	
Financial assets				
Investments	-	-	19 585	19 585
Receivables	-	-	15 858 589	15 858 588
Non-financial assets				
Property, plant and equipment	-	-	167 520 347	167 520 347
TOTAL ASSETS	-	-	183 398 520	183 398 520
Financial liabilities				
Payables	-	-	13 293 330	13 293 330
Loan	-	-	13 065 220	13 065 220
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>26 358 550</b>	<b>26 358 550</b>

As of 31 December 2021, the fair value of issued Eurobonds that were not serviced as at 31 December 2021 and for which there were no transactions in an active market has not been determined and, accordingly, not disclosed.

Other borrowings include long-term loans from the Ministry of Finance of Ukraine, loans from the State Treasury of Ukraine and other short-term liabilities. These financial liabilities are not quoted in an active market, so the City estimates that their fair value is approximately equal to the carrying amount.

The method of measuring the fair value of Level 2 and Level 3 fair value assets and liabilities is set out below:

Financial assets	The methods of measuring
Investments	Net assets
Receivables	Discount cash flows
<b>Non-financial assets</b>	
Property, plant and equipment	Market approach/Depreciated replacement cost method
<b>Financial liabilities</b>	
Payables	Discount cash flows
<b>Borrowings</b>	
Other borrowings	Discount cash flows

### Credit risk

Credit risk is the risk of financial loss of the City in case of non-performance by customers or parties of financial instruments of their obligations under the contract. This risk is mainly related to investments, receivables and cash, cash equivalents of the City. The maximum amount of credit risk is represented by the carrying amount of financial assets.

The total maximum amount of credit risk is given below:

Indicators, thousand UAH	December 31, 2021	December 31, 2020
Investments	19 585	19 585
Receivables	14 363 489	15 858 589
Cash and cash equivalents	10 285 785	7 725 499
Maximum exposure to credit risk	24 668 859	23 603 673

### Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting the obligations as they fall due. Approach to the management of liquidity risk involves ensuring the availability of sufficient liquidity to meet liabilities when their maturity is due by avoiding unacceptable losses or the risk of damaging the reputation of the City.

The following tables show the liabilities of the city as at December 31, 2021 and 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amounts recognized in the consolidated statement of financial position because the amounts in the consolidated statement of financial position are based on discounted cash flows.

When the amount to be paid is not fixed, the amount disclosed is determined by the conditions existing at the end of the reporting period. Foreign currency payments are recalculated using the spot exchange rate at the end of the reporting period.

The table below provides an analysis of financial liabilities as of December 31, 2021:

Indicators, thousand UAH	On demand and less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Other	Total
Liabilities						
Borrowings	-	-	-	6 029 420	-	10 493 495
Payables	15 228 262	482 422	829 441	-	1 684 018	18 284 143
<b>Total liabilities</b>	<b>15 228 262</b>	<b>482 422</b>	<b>829 441</b>	<b>6 029 420</b>	<b>1 684 018</b>	<b>28 777 638</b>

The table below provides an analysis of financial liabilities as of December 31, 2020:

Indicators, thousand UAH	On demand and less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Other	Total
Liabilities						
Borrowings	4 458 454	390 959	4 962 192	3 253 615	-	13 065 220
Payables	7 447 634	786 539	1 607 465	1 185	3 450 507	13 293 330
<b>Total liabilities</b>	<b>11 906 088</b>	<b>1 177 498</b>	<b>6 569 657</b>	<b>3 254 800</b>	<b>3 450 507</b>	<b>26 358 550</b>

**Market risk.** The city is exposed to market risks arising from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity instrument investments, all of which are exposed to general and specific market movements.

The following sensitivity to market risks is based on a change in one factor, with the remaining factors unchanged.

**Foreign currency risk.** The city is exposed to the foreign currency risk as a result of attracting financing from third parties. Issued Eurobonds represent financial liabilities denominated in foreign currencies and a line of credit received from the European Bank for Reconstruction and Development and the Nordic Environment Finance Corporation (Note 15).

The table below shows the change in surplus or deficit and capital resulting from reasonably possible changes in foreign exchange rates at the end of the reporting period in relation to the functional currency of the City, while all other variables are unchanged:

Indicators, thousand UAH	Impact on surplus or deficit	
	as of December 31, 2021	as of December 31, 2020
USD strengthening by 30%	(2 642 487)	(688 255)
USD weakening by 10%	880 829	688 255
EUR strengthening 30%	(53 488)	(47 382)
EUR weakening by 10%	53 488	47 382

**Interest rate risk.** The city is exposed to risk due to the impact of fluctuations in the dominant levels of market interest rates on its financial position and cash flows. The table below shows the risk concentration of the city's interest rates. The table includes the assets and liabilities of the City by balance sheet amounts grouped into categories according to the timing of the revision of the interest rate in accordance with the contract or maturity, whichever is earlier.

Indicators, thousand UAH	On demand and less than 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Other	Non-monetary articles <sup>1</sup>	Total
<b>December 31, 2021</b>							
Total financial assets	20 442 160	38 186	7	62 394	3 449 909	19 585	24 012 241
Total financial liabilities	(14 569 242)	(482 422)	(829 441)	(6 029 420)	(1 684 018)	-	(23 594 543)
<b>Net financial assets as of December 31, 2021</b>	<b>5 872 918</b>	<b>(444 236)</b>	<b>(829 434)</b>	<b>(5 967 026)</b>	<b>1 765 891</b>	<b>19 585</b>	<b>417 698</b>
<b>Net financial assets as of December 31, 2020</b>	<b>2 493 680</b>	<b>(675 357)</b>	<b>(6 569 657)</b>	<b>(3 254 800)</b>	<b>5 231 672</b>	<b>19 585</b>	<b>(2 754 877)</b>

## 47. Presentation of financial instruments by measurement categories

The following are financial instruments by valuation categories as of December 31, 2021:

Indicators, thousand UAH	Loans and receivables	Assets available for sale	Total
Financial assets			
Investments	-	19 585	19 585
Accounts receivable on exchange transactions	10 875 394	-	10 875 394
Cash and cash equivalents	10 285 785	-	10 285 785
Total financial assets	21 161 179	19 585	21 180 764
Financial liabilities			
Loans	10 493 495	-	10 493 495
Payables	18 284 143	-	18 284 143
<b>Total financial liabilities</b>	<b>28 777 638</b>	<b>-</b>	<b>28 777 638</b>

The following are financial instruments by valuation categories as of December 31, 2020:

Indicators, thousand UAH	Loans and receivables	Assets available for sale	Total
Financial assets			
Investments	-	19 585	19 585
Accounts receivable on exchange transactions	15 858 589	-	15 858 589
Cash and cash equivalents	7 725 499	-	7 725 499
Total financial assets	23 584 088	19 586	23 603 673
Financial liabilities			
Loans	13 065 220	-	13 065 220
Payables	13 293 330	-	13 293 330
<b>Total financial liabilities</b>	<b>26 358 550</b>	<b>-</b>	<b>26 358 550</b>

## 48. Segment information

Operating segments are components of an entity that engage in commercial activities from which the entity may derive revenue or incur costs, whose operating results are regularly reviewed by the person responsible for making operational decisions, and for which separate financial information is available. The main person responsible for making operational decisions is the person or group of people who allocate resources and evaluate the activities of the City.

For management purposes, within the City, separate segments are allocated according to the services provided by the controlled enterprises.

The following information by segment for 2021 is represented below

Indicators, thousand UAH	Budget of the city of Kyiv	Governance	Construction	Utilities	Healthcare	Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
<b>Revenues by segments</b>									
Appropriations from the budget	-	10 274 559	-	218 998	482 658	20 277 414	72 523	4 694 341	36 020 493
Revenues from external sources	55 800 176	257 319	490 650	27 996 400	4 386 070	4 386 070	12 412 383	3 696 702	109 425 770
<b>Intersegment income Segment costs</b>									
Total segment costs	(32 549 152)	(3 433 535)	(525 761)	(33 510 991)	(25 961 407)	(27 312 354)	(17 918 008)	(13 512 830)	(154 724 038)
Cross-segment costs	(10 155 431)	-	-	-	-	-	-	-	(10 155 431)
Surplus / (deficit) from operating activities	13 095 593	7 098 343	(35 111)	(5 295 593)	(21 092 679)	(2 648 870)	(5 433 102)	(5 121 787)	(19 433 206)
Financial expenses The share of the deficit of associated companies	-	-	-	(142 874)	-	-	(215 477)	(140)	(358 491)
Surplus / (deficit) for the reporting period	13 095 593	7 098 343	(35 111)	(5 438 467)	(21 092 679)	(2 648 870)	(5 648 579)	(5 121 927)	(19 791 697)
<b>Other information</b>									
Segment assets	-	5 024 136	9 921 726	56 520 238	26 723 943	28 811 998	81 517 638	11 870 209	20 389 888
Segment liabilities	-	386 805	5 729 569	38 200 360	6 979 873	135 062	40 348 779	1 375 940	93 156 388

The following information by segment for 2020 is represented below

Indicators, thousand UAH	Budget of the city of Kyiv	Governance	Construction	Utilities	Healthcare	Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
<b>Revenues by segments</b>									
Appropriations from the budget	-	8 273 671	-	268 600	462 651	14 057 457	55 002	4 031 805	27 149 186
Revenues from external sources	58 121 754	405 281	412 349	23 722 650	11 752 159	628 133	10 368 572	1 153 057	106 563 955
<b>Intersegment income Segment costs</b>									
Total segment costs	(30 699 804)	(8 687 969)	(411 138)	(23 811 037)	(12 243 721)	(14 952 172)	(11 464 985)	(7 253 954)	(109 524 780)
Cross-segment costs	(27 149 186)	-	-	-	-	-	-	-	(27 149 186)
Surplus / (deficit) from operating activities	272 764	(9 017)	1 211	180 213	(28 911)	(266 582)	(1 041 411)	(2 069 092)	(2 960 825)
Financial expenses The share of the deficit of associated companies	-	(244 971)	(49)	(197 847)	-	-	(154 120)	(751)	(597 738)
Surplus / (deficit) for the reporting period	272 764	(253 988)	1 162	(17 634)	(28 911)	(266 582)	(1 195 530)	(2 069 844)	(3 558 564)
<b>Other information</b>									
Segment assets	-	4 443 337	10 341 338	45 962 568	23 600 672	22 541 475	79 650 448	10 610 659	197 150 497
Segment liabilities	-	1 689 717	8 491 713	29 863 296	4 933 322	726 128	38 007 324	2 582 526	86 294 026

The city monitors the performance of its units separately for decision-making purposes on resource allocation and evaluation of their effectiveness. Segment performance is measured on the basis of non-financial quantitative indicators and the operating surplus or deficit of the segment, which is measured in accordance with accounting policies. At the same time, the management of financing and tax revenues of the City is carried out on a group basis and does not apply to individual operating segments.

Segments are managed by the Kyiv City State Administration.

## 49. Events after the reporting date

On 24.02.2022, the Russian Federation developed a new wave of unprovoked and outrageous aggression and intruded with a broad front into the territory of Ukraine. Within two months from the commencement of the war, the RF troops passed the territories of Kharkiv, Sumy, Chernihiv, Zaporizhzhia, Kherson regions, as well as partly captured the territories of Lugansk and Donetsk regions controlled by Ukraine. The defense of Kyiv and Kyiv Region was one of the most significant fronts in the defense of Ukraine. In March, the aggressor's troops were tens of kilometers from the Ukrainian capital, however, due to the heroic resistance, Ukraine's defenders managed to repulse the aggressor. On 07.04.2022, Ukraine's strategic partners, the USA and the UK, confirmed complete withdrawal of the RF troops from the territory of Kyiv Region. As the result of the attack at the Kyiv Region front, the occupants substantially damaged the infrastructure of Kyiv City and Region. A number of cases of penetration of enemy reconnaissance groups into Kyiv until 07.04.2022 were recorded, all of them were successfully eliminated. Missile and artillery shelling of the capital of Ukraine, which started on February 24, has not ceased even as at the date of approval of the financial statements. To defend Kyiv, roadblocks and other defensive structures were erected throughout the territory of the city and especially at entries to it. Until April, almost all key streets and transport nodes were either closed or operated with partial movement restriction. Elimination of the defense barriers is in progress even as at the date of approval of the financial statements. A part of the barriers has been re-equipped for the need of the Armed Forces of Ukraine and are continuing to be prepared for any potential attacks onto the capital of Ukraine.

Jointly with the strategic partners, including the twin cities of Kyiv, the Management of the Kyiv City State Administration considers the ways of raising funds for repair and rebuilding of the city. Among them can be repayable and non-repayable financial aid, loans, funds received as reparations from the RF. The decision on attraction of such funds will be taken after the end of the war.

As at the date of approval of the present financial statements, the evaluation of the losses caused by the war to the city, is in progress. According to the data provided by specialists of the NBU Monetary Policy and Economic Analysis Department, published in the Forbes dated 09.05.2022, the losses throughout Ukraine comprise approximately 92 billion USD, however, this figure keeps growing day after day, for instance, economic adviser of the President of Ukraine Oleg Ustenko evaluates the losses on the level of 650 billion USD, of which Kyiv needs compensation of at least 200 billion USD, including the expenses for compensation to businesses and residents of the damaged real estate objects.

A fall in the GDP of Ukraine was recorded. Currently the Presidential Office officially confirmed the 10% fall of the GDP, however, a series of foreign periodicals forecast a 35% fall for the year 2022.

There are no other subsequent events, which need to be communicated as per the requirements of the Conceptual Framework.

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