



# KYIV

ANNUAL REPORT 2020  
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 2020



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# DESCRIPTION OF THE APPROACH TO THE REPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION FOR SPECIAL PURPOSE OF THE CITY OF KYIV FOR 2020 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, 2020 (hereinafter referred to as the «Consolidated Financial Information Special Purpose») includes 1 910 enterprises, institutions and organizations (as of

December 31, 2019 included 1 903 enterprises, institutions and organizations (Note 1). The main forms of the Consolidated Financial Information for Special Purpose include data on all 1 910 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 109 largest enterprises, institutions and organizations was disclosed in the Special Purpose Consolidated Financial Information as of December 31, 2019). 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, 2020 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, 2020 and December 31, 2019; 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, 2020 and December 31, 2019.

A part of the enterprises of Kyiv as of 31 December 2020 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, 2020 and December 31, 2019. 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 2018 and 2019 and, as of 31 December 2019 and 2020, the possibility of comparing these items for 31 December 2020 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, 2020

Indicators, thousand UAH	Note	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	167 520 347	139 105 822
Investment property	7	770 420	771 741
Intangible assets	8	876 102	799 021
Investments accounted for using equity method	9	-	-
Available-for-sale investments		19 586	19 586
Deferred tax assets		194 323	4 328
Long-term receivables from exchange transactions	10	616 940	761 643
Other non-current assets	14	4 208 822	4 101 681
<b>Total non-current assets</b>		<b>174 206 539</b>	<b>145 563 822</b>
<b>Current assets</b>			
Stocks	11	5 293 521	3 896 589
Current receivables from exchange transactions	10	11 798 032	13 269 409
Receivables from non-exchange transactions	12	3 393 879	2 957 692
Receivables of entities on taxes		49 738	13 215
Deferred expenses		84 147	47 933
Current financial investments		-	-
Cash and cash equivalents	13	7 725 499	5 023 638
<b>Total current assets</b>		<b>29 115 994</b>	<b>25 208 476</b>
<b>TOTAL ASSETS</b>		<b>203 322 533</b>	<b>170 772 298</b>

<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term borrowing</b>			
Deferred tax liabilities		5 928 735	6 061 105
Long-term provisions	16	710 878	678 762
Other non-current liabilities	17	40 669 433	34 256 078
Deferred income	18	15 340 777	10 875 441
<b>Total non-current liabilities</b>		<b>71 160 242</b>	<b>57 263 581</b>
<b>Current liabilities</b>			
Short-term borrowing	15	4 608 801	6 000 352
Payables under exchange transactions	19	10 385 194	7 527 044
Taxes and transfers payables	20	394 676	370 464
Payments received in advance from non-exchange transactions		2 513 460	2 240 238

Indicators, thousand UAH	Note	2020	2019
Current provisions	21	1 784 932	1 608 386
Other current liabilities	22	3 714 763	3 074 791
<b>Total current liabilities</b>		<b>23 401 826</b>	<b>20 821 275</b>
<b>TOTAL LIABILITIES</b>		<b>94 526 068</b>	<b>78 084 856</b>
<b>Net assets</b>			
Accumulated surplus		40 601 654	32 840 904
Revaluation reserve		68 158 811	59 846 538
Minority interest		-	-
<b>Total net assets</b>		<b>108 760 465</b>	<b>92 687 442</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>203 322 533</b>	<b>170 772 298</b>

### THE CONSOLIDATED STATEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED ON DECEMBER 31, 2020

Indicators, thousand UAH	Note	2020	2019
<b>INCOME</b>			
<b>General fund</b>			
Personal income tax		24 590 724	22 959 410
Corporate income tax		5 482 248	5 501 862
Subventions and grants	23	6 370 149	12 217 557
Local taxes and charges to the General fund	24	14 072 990	14 056 403
Excise taxes on excisable goods sold by business entities		2 166 580	1 896 782
Administrative fees and charges, income from non-commercial business activities	25	569 324	641 386
Duties and fees for the special use of natural resources	26	30 970	47 135
Other non-tax proceeds and other budget revenues	27	93 947	28 765
Other taxes and charges		(25)	86
Income from capital transactions		56 758	33 637
<b>Special fund</b>			
Revenue from exchange transactions of budget institutions	28	2 822 559	3 808 403
Taxes and other charges to Special fund	29	-	-
Other non-tax proceeds	30	333 874	287 940
Subventions (the Special Fund)	31	2 217 297	1 470 910
Special Purpose Funds		261 049	319 045
Funds from sales of land, intangible assets and from privatization		198 983	113 685
Revenue from services rendered		7 281	7 010
Environmental tax	29	35 231	36 416
Revenue from exchange transactions of municipal and corporate enterprises	32	40 305 574	32 566 260
Other income of budget, communal and corporate entities	33	7 183 248	5 613 914
Financial income of municipal and corporate enterprises		26 965	18 605
<b>Total revenues</b>		<b>106 825 726</b>	<b>101 625 211</b>
<b>Expenses</b>			
Housing and utilities	34	(24 097 783)	(22 930 240)
Education	35	(20 450 293)	(18 429 681)
Health Care	36	(19 697 369)	(15 683 223)
Construction	37	(1 983 628)	(2 693 489)

Indicators, thousand UAH	Note	2020	2019
Transport, road facilities, communication, telecommunications and informational technologies	38	(21 340 045)	(19 610 399)
Social care and social security	39	(4 266 910)	(8 320 896)
Culture and arts	40	(1 897 080)	(1 941 635)
Other services related to economic activities	41	(2 522 311)	(1 913 149)
Governance	42	(2 870 632)	(2 501 932)
Special Purpose Funds		(458 709)	(428 307)
Physical Culture and Sports		(1 060 972)	(763 579)
Funds transferred to the State Budget and others budgets	43	(155 357)	(247 520)
Other activities in the field of ecology and natural resources protection		(85 669)	(160 356)
Transfers		-	-
Expenditures and borrowings		99 539	(223 870)
The effect of the termination of recognition of housing stock as a result of privatization		-	-
Other income (expenses)		(533 976)	(423 381)
<b>TOTAL EXPENSES TO FINANCIAL EXPENSES</b>		<b>(101 321 195)</b>	<b>(96 271 657)</b>
<b>SURPLUS BEFORE TAXES AND FINANCIAL EXPENSES</b>		<b>5 504 531</b>	<b>5 353 554</b>
<b>Income tax</b>		<b>66 128</b>	<b>(229 996)</b>
<b>SURPLUS FOR THE REPORTING PERIOD BEFORE FINANCIAL EXPENSES</b>		<b>5 570 659</b>	<b>5 123 558</b>
<b>Financial expenses</b>	44	<b>(1 946 306)</b>	<b>(1 919 732)</b>
<b>SURPLUS (DEFICIENCY) FOR THE REPORTING PERIOD</b>		<b>3 624 353</b>	<b>3 203 826</b>
<b>Surplus attributable to non-controlling interest</b>		-	-
<b>Surplus attributable to Kyiv city community</b>		<b>3 624 353</b>	<b>3 203 826</b>
<b>SURPLUS FOR THE REPORTING PERIOD</b>		<b>3 624 353</b>	<b>3 203 826</b>

#### THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON DECEMBER 31, 2020

Indicators, thousand UAH	The share belonging to the territorial community		
	Revaluation reserve	Accumulated surplus	Total
<b>As at 01 January, 2018</b>	<b>43 157 152</b>	<b>35 802 328</b>	<b>78 959 480</b>
Surplus / (deficit) for the reporting period	-	3 577 019	3 577 019
Reclassification of capital components	(4 599 050)	4 599 050	-
Adjustment of previous periods	-	2 967 900	2 967 900
<b>As at 31 December, 2018</b>	<b>38 558 102</b>	<b>46 946 297</b>	<b>85 504 399</b>
Surplus / (deficit) for the reporting period	-	3 203 826	3 203 826
Reclassification of capital components	21 288 436	(21 288 436)	-
Adjustment of previous periods	-	3 979 217	3 979 217
<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>

## THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON DECEMBER 31, 2020

Indicators, thousand UAH	Note	2020	2019
<b>Cash flow from operating activities</b>			
Personal income tax		24 566 415	23 034 611
Corporate income tax		5 482 248	5 501 862
Transfers from public authorities		8 637 907	13 688 467
Duties and fees for special use of natural resources		30 970	47 135
Excise tax on excisable goods sold by business entities		2 166 580	1 896 782
Administrative fees and charges, revenue from non-profit business		569 324	641 386
Local taxes and charges		14 072 990	14 056 124
Other non-tax proceeds		427 821	316 706
Proceeds from sales of goods and services provided by municipal entities		35 014 963	31 713 367
Special purpose funds		17 590 519	14 347 215
Other taxes and fees		(25)	86
Proceeds from products sold and services provided by municipal entities		879 817	717 529
Rental fees received		297 635	377 051
Advances received		1 253 493	621 979
Repayments of advances granted		75 958	107 322
Interest income on current account balances		107 890	113 255
Taxes and duties reimbursed		1 547	19 345
Other proceeds		4 791 754	4 741 353
Expenditures to goods, works, services		(28 792 650)	(19 189 369)
Labor costs and payroll related charges		(12 799 097)	(22 892 521)
Transfers to the State Budget and other budgets		(12 158 793)	(7 235 781)
Taxes and charges paid		(4 394 730)	(3 055 662)
Repayment of advances received		(506 260)	(210 328)
Advances issued		(2 724 216)	(5 310 547)
Individual measures on state (regional) programs' implementation		(22 889 678)	(28 832 414)
Social security payments		(5 922 090)	(3 324 504)
Other expenses		(5 243 363)	(152 696)
<b>Net cash flows from operating activities</b>		<b>20 536 929</b>	<b>21 737 753</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of non-current assets		235 282	155 413
Proceeds from interest received		2 034	1 931
Other proceeds		1 644 668	4 458 850
Aquisition of non-current assets		(14 816 265)	(15 044 762)
Other payments		(5 167 387)	(9 919 677)
<b>Net cash flows from investing activities</b>		<b>(18 101 668)</b>	<b>(20 348 254)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity		56 758	336 252
Proceeds from borrowings received		46 954	453 254
Repayment on borrowings		(382 662)	(849 897)
Interest paid on Eurobonds placed		(47 541)	(58 107)
Other proceeds		888 675	525 420
Other payments		(644 362)	(508 111)

Indicators, thousand UAH	Note	2020	2019
<b>Net cash flow from financing activities</b>		<b>(82 178)</b>	<b>(101 189)</b>
<b>Net cash flow for the reporting period</b>		<b>2 353 083</b>	<b>1 288 319</b>
Cash and cash equivalents at the beginning of the reporting period		5 023 638	4 487 752
Effect of exchange rate changes on cash and cash equivalent balances		348 778	(752 433)
Cash and cash equivalents at the end of the reporting period		7 725 499	5 023 638

## REPORT ON THE FULFILLMENT OF THE KYIV CITY BUDGET FOR 2020 YEAR

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	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	<b>478 600</b>	<b>(190 000)</b>	<b>288 599</b>	<b>341 154</b>	<b>52 555</b>
<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

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	Amounts According to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
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 2020, subject to changes

## REPORT ON THE FULFILLMENT OF THE KYIV CITY BUDGET FOR 2019 YEAR

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	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	26 417 998	1 122 032	27 540 030	28 140 858	600 828
Subventions and dotations	12 330 916	288 217	12 619 133	12 217 558	(401 575)
Local taxes and charges	12 122 460	1 162 894	13 285 354	13 895 057	609 703
Excise taxes on excisable goods sold by retailers	1 804 990	40 397	1 845 387	1 896 782	51 395
Administrative fees and charges, revenue from non-commercial business activities	683 100	(38 220)	644 880	641 386	(3 494)
Duties and fees for the special use of natural resources	42 500	6 012	48 512	47 135	(1 377)
Other non-tax proceeds and other budget revenue	30 150	17 974	48 124	62 489	14 365
<b>Special Fund</b>					
Own revenue proceeds of budget institutions	1 041 431	2 048 179	3 089 610	3 083 586	(6 024)
Subventions from the State Budget	1 467 520	3 390	1 470 910	1 470 910	-
Special purpose funds	354 000	-	354 000	319 045	(34 955)
Funds from the sale of land, intangible assets and from privatization	547 985	329 000	876 985	113 685	(763 300)
Environmental tax	42 800	-	42 800	36 416	(6 384)
Other taxes and duties	-	-	-	(279)	(279)
Other non-tax proceeds	548 601	1 647	550 248	294 948	(255 300)
<b>Total revenue</b>	<b>57 434 451</b>	<b>4 981 522</b>	<b>62 415 973</b>	<b>62 219 576</b>	<b>(196 397)</b>
<b>EXPENDITURES</b>					
Education	(16 962 365)	(1 316 744)	(18 279 109)	(17 378 883)	900 226
Health care	(10 202 328)	(1 329 604)	(11 531 932)	(11 233 340)	298 592
Social care and social security	(8 801 505)	95 717	(8 705 788)	(8 131 248)	574 540
Construction	(3 968 408)	(34 976)	(4 003 384)	(3 726 194)	277 190

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	Amounts According to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
Housing and utilities	(3 711 873)	(337 964)	(4 049 837)	(3 790 536)	259 301
Transport, road facilities, communication, telecommunications and informational technologies	(7 120 793)	(3 511 174)	(10 631 967)	(10 247 127)	384 840
State administration	(1 223 007)	64 705	(1 158 302)	(1 129 509)	28 793
Culture and arts	(1 801 091)	(559 354)	(2 360 445)	(2 249 905)	110 540
Other services related to economic activities	(1 787 070)	(176 314)	(1 963 384)	(1 788 038)	175 346
Special purpose funds	-	-	-	-	-
Physical culture and sports	(671 424)	(94 269)	(765 693)	(710 976)	54 717
Debt servicing	(315 188)	70 920	(244 268)	(231 543)	12 725
Transfers to the State Budget and others budgets	(15 000)	(149 587)	(164 587)	(152 844)	11 743
Other expenses	(852 499)	232 182	(620 317)	(576 062)	44 255
<b>Total expenditures</b>	<b>(57 432 551)</b>	<b>(7 046 462)</b>	<b>(64 479 013)</b>	<b>(61 346 205)</b>	<b>3 132 808</b>
<b>Deficit for the reporting period</b>	<b>1 900</b>	<b>(2 064 940)</b>	<b>(2 063 040)</b>	<b>873 371</b>	<b>2 936 411</b>

\* Approved by the Kyiv City Council for 2020, subject to changes

#### RECONCILIATION OF THE CONSOLIDATED FINANCIAL RESULT TO THE RESULT OF FULFILLMENT OF KYIV CITY BUDGET FOR 2020

Indicators, thousand UAH	2020	2019
<b>Budget performance results</b>	<b>272 764</b>	<b>873 371</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	(3 765 200)	(4 605 307)
(III) Adjustment of proceeds from taxes and charges accrued by the cash basis	309 967	481 760
(IV) Effect of residential property de-recognition as a result of privatization	-	-
(V) Effect of eliminated adjustments in the budget expenditures	8 155 390	7 802 570
<b>Consolidated surplus for the reporting period</b>	<b>3 624 353</b>	<b>3 203 826</b>

I 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.

II 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.

III Proceeds from taxes and duties were included to budget revenue using the cash basis method of accounting. The adjustment rep-

resents the application of the accrual method of accounting of taxes and fees.

IV Budget performance report does not include losses for the reporting period from residential property de-recognition as a result of privatization.

V 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 – «Acting Kyiv City State Administration»), 23 departments of the executive body of the KCC (KCSA) (2019: 22 departments), 4 departments of the executive body of the KCC (Kyiv City State Administration) (2019: 5), Services for Children and Families of the executive body of the KCC (KCSA), the State Archives of the city of Kyiv, 10 district state administrations in Kyiv (hereinafter – «DSA») (2019: 10 DSA) and 1 910 (2019: 1 903) 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 444 self-supporting and 1 466 budget institutions (2019: 380 self-supporting and 1 523 budget institutions), with account of enterprises of the City, which were in the state of reorganization or liquidation (Note 4). As of December 31, 2020 and 2019, the City had a share of corporate rights and control over 7 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 rapid fall in Q2 of 2020, caused by the quarantine, the economy of Ukraine began renewing already in Q3 of 2020, exceeding the expectations of most economic forecasters. However, further growth was slowed down in autumn, with approach of the second coronavirus pandemic and strengthening of the quarantine measures both in Ukraine and in other European countries.

The consumer inflation in Ukraine increased till 5% by the end of 2020 (vs. 4.1% in 2019). In the year 2020, the Ukrainian economy decreased by 4%, however grew by over 5% in the hryvnia equivalent.

In December 2020, the prices of industrial producers grew by 14.5% compared with December 2019.

Worsening of the economic situation in Ukraine, including due to COVID-19, led to devaluation of the Ukrainian hryvnia in relation to foreign currencies in 2020: the official UAH exchange rate to USD as at December 31, 2020 comprised 28.27 UAH per 1 USD against 23.69 UAH per 1 USD as at December 31, 2019.

The International Monetary Fund continued provision of support to the Ukrainian government in frames of the IMF 4-Year Extended Fund Facility, approved in March 2015.

In 2020, the Moody's international rating agency confirmed the sovereign rating of Ukraine on the level of B3 from Caa1.

## 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 (IASS) issued by the International Accounting Standards Board for the State Sector (IASBSS). This Consolidated Financial Information is not fully consistent with the IASS 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 account-

ing 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, 2020 and 2019 are indicated below:

	As of December 31, 2020	As of December 31, 2019
UAH/USD	28,27	23,69
UAH/EUR	34,74	26,42

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

set, 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 accounted for when the depreciation period or depreciation method is changed in appropriate cases and accounted for as changes in accounting estimates. Depreciation costs for intangible assets with a limited useful life are recognized as surplus or deficits in the cost category, which is in line with the nature of the intangible asset.

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 statement-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.

When the City expects that some or the entire provision be reimbursed (for example, under an insurance contract), the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of financial results net of any reimbursement.

**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.

**Significance of Consolidated Financial Information for Special Purpose.** Items that are material in nature are presented separately in the financial statements. Items that are significant in size but similar in nature are included in this consolidated report. Minor items were combined with amounts of a similar nature or function.

Information is material if its non-disclosure could affect users' decisions and evaluations regarding the allocation and management of resources and the results of financial reporting activities.

In accordance with the principle of materiality of International Public Sector Accounting Standards, specific disclosure requirements may not be met if the final information is not material.

The Group's accounting policy sets the materiality level at 0.3% of the total value of assets (consolidated balance sheet currency), which as of December 31, 2020 and 2020 amounted to UAH 512.2 million.

#### 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) (380), as of 31.12.2020 (2019: 384), 149 – legal entities are in the process of termination (liquidation, reorganization) (2019: 153), 1 company is on the territory Crimea (2019: 1), 8 – do not carry out financial and economic activities (2019: 9), and are not in the process of termination by decision of the owner.

Of the total number of budget institutions (1 523), as of December 31, 2020 (2019: 1 524), 105 legal entities are in the process of termination (liquidation, reorganization) (2019: 46).

The City also has investments in 35 enterprises (2019: 35 enterprises) with a share of ownership from 1% to 100%. As of December 31, 2020, the City had no control or significant influence over 24 enterprises (2019: 19 enterprises), of which 10 are in the process of liquidation, 14 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, 2020 and 2019.

**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 2020 year:

	Thousand UAH		
	Annual payroll	Social charges	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 Construction and Housing Department	816	94	910
Director of Internal Financial Control and Audit Department	667	147	814
Director of Economy and Investments Department	735	142	877
Director of Housing and Utility Infrastructure Department	637	128	765
Director of State Architectural and Construction Control Department	581	122	703
Director of State Registration Department	749	146	895
Director of Land Resources Department	758	149	907
Director of Information and Communication Technologies Department	174	38	212
Director of the Department of Communal Property of Kyiv	618	128	746
Director of Culture Department	618	128	746
Director of Architecture and Urban Construction Department	523	115	638
Director of Urban Improvement Department	612	120	732
Director of Youth and Sports Department	337	74	411
Director of Education and Science Department	610	134	744
Director of Health Care Department	667	129	796
Director of Cultural Heritage Protection Department	628	138	766
Director of Industry and Entrepreneurial Development Department	760	167	927
Director of Social Policy Department	611	134	745
Director of Public Communication Department	683	138	821
Director of Transport Infrastructure Department	564	124	688
Director of Finance Department	645	133	778
Director of Administrative Services Department (Center)	763	147	910
Head of Environment and Natural Resources Department	403	89	492
Head of Self-Governing Control Department (Inspection)	227	50	277
Head of Advertising Department	569	125	694
Head of Tourism and Promotion Department	618	128	746
Head of Children and Family Affairs Department	602	128	730
Director of State Archives in the City of Kyiv	677	137	814
<b>Total</b>	<b>22 376</b>	<b>4 467</b>	<b>26 843</b>

## Remuneration to key management personnel for 2019 year:

	Thousand UAH		
	Annual payroll	Social charges	Total annual salary and accruals
Head of the Kyiv City State Administration	319	70	389
First Deputy Head of the Kyiv City State Administration	893	156	1 049
Deputies of the Head of the Kyiv City State Administration (7 persons)	4 461	852	5 313
Head of the Executive Office of the Kyiv City State Administration	550	114	664
Director of Construction and Housing Department	276	61	337
Director of Internal Financial Control and Audit Department	573	126	699
Director of Economy and Investments Department	619	125	744
Director of Housing and Utility Infrastructure Department	550	120	670
Director of State Architectural and Construction Control Department	582	113	695
Director of State Registration Department	631	139	770
Director of Land Resources Department	579	113	692
Director of Information and Communication Technologies Department	495	109	604
Director of the Department of Communal Property of Kyiv	563	121	684
Director of Culture Department	526	110	636
Director of Architecture and Urban Construction	508	112	620
Director of Urban Improvement Department	378	104	482
Director of Youth and Sports Department	508	101	609
Director of Education and Science Department	561	123	684
Director of Health Care Department	690	136	826
Director of Cultural Heritage Protection Department	539	119	658
Director of Industry and Entrepreneurial Development Department	383	84	467
Director of Social Policy Department	238	52	290
Director of Public Communication Department	505	95	600
Director of Transport Infrastructure Department	593	125	718
Director of Finance Department	615	125	740
Director of Administrative Services Department (Center)	702	133	835
Head of Environment and Natural Resources Department	505	104	609
Head of Self-Governing Control Department (Inspection)	546	115	661
Head of Advertising Department	375	83	458
Head of Tourism and Promotion Department	251	55	306
Head of Children and Family Affairs Department	487	107	594
Director of State Archives in the City of Kyiv	572	126	698
<b>Total</b>	<b>20 573</b>	<b>4 228</b>	<b>24 801</b>

## 6. Fixed assets

Indicators, thousand UAH	Land plots	Buildings and facilities
<b>AS OF JANUARY 01, 2019</b>		
Cost	11 655 061	162 878 007
Accumulated depreciation	-	(94 881 516)
<b>Net book value</b>	<b>11 655 061</b>	<b>67 996 491</b>
Additions, disposals, and other transfers	585 763	(13 525 890)
The result of the termination of recognition of housing as a result of privatization	-	-
Revaluation of fixed assets	778 303	5 077 616
Depreciation for the period	-	12 533 426
<b>AS OF DECEMBER 31, 2019:</b>		
Cost	13 019 127	154 429 733
Accumulated depreciation	-	(82 348 090)
<b>Residual value</b>	<b>13 019 127</b>	<b>72 081 643</b>
Accumulated depreciation	5 566 459	9 356 215
Revaluation of fixed assets	375 204	84 659 094
Depreciation for the period	-	(80 399 645)
The result of recognizing the revaluation for the year	-	-
<b>AS OF DECEMBER 31, 2020:</b>		
Cost	18 960 790	248 445 042
Accumulated depreciation	-	(162 747 735)
<b>Residual value</b>	<b>18 960 790</b>	<b>85 697 307</b>

During 2020, some companies conducted a revaluation of fixed assets. For this purpose, independent appraisers were involved, who determined the fair value of fixed assets.

The fixed assets also include non-residential premises of communal property leased to public organizations, creative unions, budgetary institutions of communal and state property with a rent of 1 hryvnia per year in accordance with the Law of Ukraine «On Lease of State and Communal Property» and Regulations on Lease of Territorial Property community of the city of Kyiv, approved by

the decisions of the Kyiv City Council dated September 22, 2011 № 34 / 6250 and dated April 21, 2015 № 415 / 1280.

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. The total area of these facilities as of December 31, 2020 is 112.47 thousand square meters. m (December 31, 2019: 112.47 thousand square meters).

Machinery and equipment	Vehicles	Construction in progress	Other fixed assets	Total
13 363 775	27 267 343	26 579 405	4 193 414	245 937 005
(5 280 022)	(16 193 043)	(4 512)	(1 650 621)	(118 009 714)
<b>8 083 753</b>	<b>11 074 300</b>	<b>26 574 893</b>	<b>2 542 793</b>	<b>127 927 291</b>
(6 007 580)	466 368	6 512 598	1 664 288	(10 304 453)
(40)	-	-	(62)	(102)
18 530	(6 857 723)	-	83 039	(900 235)
(1 244 801)	11 527 273	(1 004)	(431 573)	22 383 321
7 374 685	20 875 988	33 092 003	5 940 679	234 732 215
(6 524 823)	(4 665 770)	(5 516)	(2 082 194)	(95 626 393)
<b>849 862</b>	<b>16 210 218</b>	<b>33 086 487</b>	<b>3 858 485</b>	<b>139 105 822</b>
2 060 433	1 582 203	6 120 467	1 449 583	26 135 360
98 925	(821 348)	-	5 555	84 317 430
(1 496 522)	(1 538 862)	-	(347 148)	(83 782 177)
-	1 743 912	-	-	1 743 912
9 534 043	21 636 843	39 212 470	7 395 817	345 185 005
(8 021 345)	(4 460 720)	(5 516)	(2 429 342)	(177 664 658)
<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>

As of December 31, 2020, the total land area of the city of Kyiv is 82.6 thousand hectares (December 31, 2019-83.6 thousand hectares).

Assets in concession. According to the decision of the Kyiv City Council of June 20, 2017 and April 24, 2019, the Agreement on the implementation of the project of management and reform of the energy complex of Kyiv of September 27, 2001, concluded between the Kyiv City State Administration and the PJSC «Kyivenergo», it was decided to terminate on July 31, 2019.

As of December 31, 2020 and December 31, 2019, there are no assets in the concession.

## 7. Investment property

As of December 31, 2020 and 2019, 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, 2019:</b>				
Initial value	263 883	30 091	420 110	714 084
Accumulated depreciation and impairment	(102)	(12 466)	(125 326)	(137 894)
<b>Residual value</b>	<b>263 781</b>	<b>17 625</b>	<b>294 784</b>	<b>576 190</b>
Additions	64 011	-	260 387	324 398
Disposal	(42 396)	-	(12 568)	(54 964)
Another movement of depreciation	(126)	-	(46 477)	(46 603)
<b>DEPRECIATION FOR THE PERIOD AS OF DECEMBER 31, 2019:</b>				
Initial value	285 498	30 091	667 929	983 518
Accumulated depreciation and impairment	(228)	(12 466)	(171 803)	(184 497)
<b>Residual value</b>	<b>285 270</b>	<b>17 625</b>	<b>496 126</b>	<b>799 021</b>
Additions	18 294	51	251 708	270 053
Disposal	(111 461)	-	(530)	(111 991)
Depreciation for the period as of December 31, 2020:	(1 648)	(76)	(79 257)	(80 981)
<b>INITIAL VALUE</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>

## 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 2019 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, 2020	December 31, 2019
Long-term receivables from exchange transactions	616 940	761 643
<b>Total long-term receivables from exchange transactions</b>	<b>616 940</b>	<b>761 643</b>
Current receivables		
Debts for goods and services	8 935 637	4 559 543
Debts on other exchange transactions	3 625 370	6 509 448
Provision for doubtful debts	(3 330 779)	(77 109)
Total financial receivables	9 230 228	10 991 882
Prepay	2 667 324	2 300 254
Provision for doubtful debts	(99 520)	(22 727)
<b>Total current receivables</b>	<b>11 798 032</b>	<b>13 269 409</b>

## Reconciliation of the provision for impairment of receivables:

Indicators, thousand UAH	2020 Sum of reserves	2019 Sum of reserves
<b>on January 1</b>	<b>99 836</b>	<b>446 398</b>
Change in reserve in the current period	3 330 463	(346 562)
<b>As of December 31</b>	<b>3 430 299</b>	<b>99 836</b>

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

Indicators, thousand UAH	December 31, 2020	December 31, 2019
<b>Neither past due nor impaired, other than receivables from households for utilities</b>		
Receivables for services and goods provided	2 283 568	3 772 355
Other receivables from exchange transactions	458 910	608 402
<b>Total neither past due nor impaired</b>	<b>2 742 478</b>	<b>4 380 757</b>
<b>Ast due, but not impaired, other tha receivables from households and utilities</b>		
From 1 to 30 days	795 602	83 636
From 31 to 90 days	237 875	1 338 674
From 91 to 180 days	83 004	871 201
<b>Total past due, but not impaired</b>	<b>1 116 481</b>	<b>2 293 511</b>
<b>Past due and impaired, except for receivables from households for utilities</b>		
From 181 to 360 days	293 571	167 457
Over 360 days	2 904 442	334 684
<b>Total past due and impaired</b>	<b>3 198 013</b>	<b>502 141</b>
Receivables from households for utilities	6 045 076	2 497 043
Other receivables	75 899	2 157 182
<b>Total financial receivables</b>	<b>13 177 947</b>	<b>11 830 634</b>
Allowance for estimated irrecoverable amounts	(3 330 779)	(77 109)
<b>Total financial receivables excluding allowance</b>	<b>9 847 168</b>	<b>11 753 525</b>

## 11. Inventories

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Auxiliary and other materials	1 541 527	1 482 027
Apartments and non-residential premises	460 631	709 602
Merchandise for resale	455 414	416 409
Spare parts	333 535	184 289
Finished goods and work in progress	73 133	67 772
Construction in progress under construction contracts	16 103	16 138
Other inventories	2 413 178	1 020 352
<b>Total Inventories</b>	<b>5 293 521</b>	<b>3 896 589</b>

## 12. Receivables from non-exchange transactions

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Receivables from land tax	1 122 600	1 062 544
Receivables from corporate income tax	604 522	611 054
Receivables from personal income tax	590 522	506 281
Receivables from other taxes and charges of the General and Special Fund	564 547	5 034
Receivables from excise tax	484 398	745 766
Receivables from planned allocation of expenditures to benefits and subsidies to households	27 290	27 013
<b>Total receivables from non-exchange transactions</b>	<b>3 393 879</b>	<b>2 957 692</b>

### 13. Cash and cash equivalents

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Treasury accounts	4 968 442	3 395 514
Bank accounts	1 990 403	1 149 440
Short-term deposits	374 249	273 798
Other cash and cash equivalents	375 014	156 794
Cash on hand and in transit	17 391	48 092
<b>Total cash and cash equivalents</b>	<b>7 725 499</b>	<b>5 023 638</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, 2020:

Indicators, thousand UAH	Bank accounts	Treasury accounts	Short-term deposits	Other cash	Total
Moody's rating					
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>

#### Analysis of cash and cash equivalents as of December 31, 2019:

Indicators, thousand UAH	Bank accounts	Treasury accounts	Short-term deposits	Other cash	Total
Moody's rating					
B3	777 941	-	263 508	7 334	1 048 783
Caa1	295	3 395 514	181	290	3 396 280
Caa2	-	-	-	-	-
Unrated	371 204	-	10 108	197 263	578 575
<b>Total</b>	<b>1 149 440</b>	<b>3 395 514</b>	<b>273 797</b>	<b>204 887</b>	<b>5 023 638</b>

### 14. Other non-current assets

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Prepayments for property, plant and equipment	4 129 257	4 004 885
Municipal property held for sale	71 957	90 355
Other non-current assets held for sale	-	1 723
Cash on accounts with non-performing banks	-	-
Other	7 609	4 718
<b>Total other non-current assets</b>	<b>4 208 823</b>	<b>4 101 681</b>

## 15. Borrowings

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

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Borrowings from the Ministry of Finance of Ukraine	4 962 192	2 078 464
Borrowings from international organizations	-	248 760
Eurobonds	3 253 615	2 725 618
Bank borrowings	240 612	339 353
<b>Total long-term borrowings</b>	<b>8 456 419</b>	<b>5 392 195</b>

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

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Borrowings from the Ministry of Finance of Ukraine	-	2 078 464
Treasury borrowings	3 688 454	3 688 454
Eurobonds	-	-
Borrowings from international organizations	-	225 061
Bank borrowings	150 347	-
Other short-term borrowings	-	8 373
<b>Total short-term borrowings</b>	<b>4 608 801</b>	<b>6 000 352</b>

Analysis of borrowings by currency is represented below:

Indicators, thousand UAH	December 31, 2020	December 31, 2019
UAH	8 985 807	6 882 547
USD	3 929 066	4 036 179
EUR	150 347	473 821
<b>Total borrowings</b>	<b>13 065 220</b>	<b>11 392 547</b>

Analysis of borrowings by maturity is represented below:

Indicators, thousand UAH	December 31, 2020	December 31, 2019
With undetermined maturity	3 688 454	3 688 454
Less than 6 months	770 000	-
From 6 to 12 months	390 959	15 585
From 1 to 5 years	4 962 192	4 714 130
More than 5 years	3 253 615	2 974 378
<b>Total borrowings</b>	<b>13 065 220</b>	<b>11 392 547</b>

### Interest rates on borrowings are given below:

Indicators, thousand UAH	December 31, 2020	December 31, 2019
borrowings from the Ministry of Finance of Ukraine	7,75%*	7,75%*
Eurobonds	-	7,5%
Domestic local bonds	11,00%	-
Bank borrowings	-	19%-21,5%
<b>Borrowings from international organizations</b>	-	<b>Euribor + 5,75% , 6,9%</b>

\* 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	2020	2019
Borrowings at the beginning of the year	11 392 547	18 289 229
Borrowings received	770 000	-
Borrowings repaid	-	(6 436 156)
Interest accrued	242 940	215 846
Interest paid	(242 940)	(215 846)
Foreign currency exchange differences	902 673	(460 526)
<b>Borrowings as at the end of the year</b>	<b>13 065 220</b>	<b>11 392 547</b>

**Eurobonds and the borrowing from the Ministry of Finance of Ukraine.** In 2015, Eurobonds of 2005 and 2011 were restructured, with the total amount of local debt on them amounting to USD 550 000 thousand (UAH 12 918 221 thousand at the date of restructuring).

Within the restructuring process, a part of the debt in the amount of USD 448,851 thousand (UAH 10,542 466 thousand at the date of restructuring) 25% of the debt was written off, amounting to USD 97 785 and the remaining amount of USD 351 066 thousand was transferred to state debt of Ukraine through additional issue and placement of Foreign Government Loan Bonds of Ukraine (at the coupon rate of 7,75%) and government derivatives were issued for the amount of write-offs of USD 97 785 thousand (UAH 2 299 728 thousand at the date of restructuring).

According to the Resolution of the Cabinet of Ministers of Ukraine N#1040 dated December, 18 2015 and the agreement concluded between the Ministry of Finance of Ukraine and the Kyiv City Council, the City shall compensate in full the expenses of the Ministry of Finance on bonds of external government loans of Ukraine during 2015-2020 and state derivatives during 2020-2040. The specified interest rate corresponds to the nominal coupon rate on bonds of external state loans of Ukraine. The City cannot reliably determine the effective interest rate on the loan, since payments for servicing state derivatives during 2020-2040 cannot be provided in advance.

**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 2019, the City did not make payments on these borrowings.

Borrowings from international organizations.

In 2008, the City signed an agreement with the European Bank for Reconstruction and Development to open a credit line worth 115 000 euros for the development of Kyiv's municipal transport. The amount of debt as of December 31, 2020 and 2019 amounted to 23 089 thousand euros and 36 760 thousand euros, respectively. According to the terms of the agreement, the loan must be paid in 2021. The interest rate in force during 2020 and 2019 is Euribor + 5,75%.

In 2013, the City entered into an agreement with the Northern Environmental Finance Corporation to provide a loan in the amount of 5,000 thousand euros and 4,000 thousand hryvnias for the implementation of energy efficiency measures.

The amount of debt on foreign currency loans in euros as of December 31, 2020 and 2019 amounted to 1 583 thousand euros and 2 198 thousand euros, respectively. According to the terms of the agreement, the loan must be paid in 2021. The interest rate is 6,9%.

## 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, 2019</b>	<b>785 715</b>
Charges in the current year	139 290
Utilization of the reserves	(246 243)
Balance at December 31, 2019	678 762
<b>Charges in the current year</b>	<b>92 294</b>
Utilization of the reserves	(60 178)
<b>Balance at December 31, 2020</b>	<b>710 878</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, 2020	December 31, 2019
<b>Long-term debt under construction contracts</b>	<b>23 185 453</b>	<b>22 925 005</b>
Long-term commitments for financing from the state budget	9 393 760	8 094 341
Other long-term liabilities	8 090 220	3 236 732
<b>Total other long-term liabilities</b>	<b>40 669 433</b>	<b>34 256 078</b>

## 18. Deferred income

Deferred income as of December 31, 2020 and 2019 in the amount of UAH 15 340 777 thousand and UAH 10 875 441 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, 2020	December 31, 2019
<b>Payables for goods, works and services</b>	<b>6 510 544</b>	<b>4 217 222</b>
Advances received	2 049 946	1 945 572
Payables to third parties	262 560	232 046
Payables to employees	1 731	482 765
<b>Other payables</b>	<b>1 560 413</b>	<b>649 439</b>
<b>Total payables from exchange transactions</b>	<b>10 385 194</b>	<b>7 527 044</b>

## 20. Accounts payable for taxes and transfers

Indicators, thousand UAH	December 31, 2020	December 31, 2019
Payables on other taxes and transfers	127 188	86 871
VAT payable	64 946	46 272
Payables on transfers to the Pension Fund of Ukraine	31 751	41 641
Other payables for taxes and transfers	170 791	195 680
<b>Total taxes and transfers payables</b>	<b>394 676</b>	<b>370 464</b>

## 21. Current reserves

During 2020 and 2019, 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 31 December 2019</b>	<b>72 816</b>	<b>1 118 645</b>	<b>247 219</b>	<b>92 257</b>	<b>1 530 937</b>
Charges in the current year	-	1 647	706 326	152 691	860 664
Utilization of provision	-	-	(582 114)	(201 101)	(783 215)
<b>Balance at December 31, 2019</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 current year	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>

The rest of the security for the execution of court decisions as of December 31, 2020 and December 31, 2019 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 2019, other current liabilities amounted to UAH 3 714 763 thousand and UAH 3 074 792 thousand, respectively.

## REVENUE

## 23. Subventions and dotations

Indicators, thousand UAH	2020	2019
Educational subvention from the state budget to local budgets	4 202 014	3 529 614
Medical subvention from the state budget to local budgets	1 126 026	4 269 657
Subvention from the state budget to local budgets to support individual institutions and activities in the health care system	394 460	-
Subvention from the state budget to local budgets for the implementation of measures for socio-economic development of individual territories	128 027	245 841
Subvention from the state budget to local budgets to provide quality modern and affordable general secondary education "New Ukrainian School"	97 339	53 421
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	63 794	-

Indicators, thousand UAH	2020	2019
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	62 478	71 702
Subvention from the state budget to local budgets for elections of deputies of local councils and village, settlement, city mayors	58 258	
Subsidy from the state budget to local budgets to compensate for losses of local budget revenues due to state benefits provided by the state for the payment of land tax to space entities	52 714	53 809
Subvention from the state budget to local budgets for the payment of monetary compensation for adequate accommodation for internally displaced persons	46 256	1 184
Subvention from the state budget to local budgets for the provision of state support to persons with special educational needs	28 156	34 123
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	20 850	-
Subvention from the state budget to local budgets for the implementation of the program "Able school for better results"	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	51 529
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	13 524
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	629
Subvention from the state budget for the payment of state social assistance	-	2 454 169
Subvention from the state budget for the provision of benefits and housing subsidies to the population	-	1 301 697
Subvention from the state budget to local budgets for the establishment of operational and dispatching services, for the implementation of a pilot project for the development of emergency medical care	-	63 687
Subvention from the state budget to local budgets for the implementation of measures aimed at improving the quality of education	-	25 618
Subvention from the state budget to local budgets to reimburse the cost of medicines for the treatment of certain diseases	-	18 986
Subvention 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	-	14 421
Subvention from the state budget to local budgets for the purchase of medicines and medical devices to provide emergency medical care	-	10 438
Subvention from the state budget to local budgets for the payment of monetary compensation for appropriate housing	-	2 088
Subvention from the state budget for health care facilities	-	1 420
<b>Total subventions and donations</b>	<b>6 370 149</b>	<b>12 217 557</b>

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

Indicators, thousand UAH	2020	2019
Single tax	7 625 848	6 915 598
Rental fees for the use of natural resources	2 892 611	3 157 390
Land tax	1 962 980	2 637 986
Property tax, other than on land	1 483 120	1 164 308
Transport tax	71 510	81 699
Tourist tax	34 693	63 629
Parking fee for vehicles	2 240	35 716
Other local taxes and general fund fees (refunds)	(12)	77
<b>Total local taxes and general fund fees</b>	<b>14 072 990</b>	<b>14 056 403</b>

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

Indicators, thousand UAH	2020	2019
License and certificate fees	183 419	185 458
Rental proceeds	88 758	101 983
State custom duties	49 873	38 882
State registration fees	5 820	34 824
Other administrative service fees	241 454	280 239
<b>Total administrative fees and charges, revenue from non-commercial business activities</b>	<b>569 324</b>	<b>641 386</b>

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

Indicators, thousand UAH	2020	2019
Rent fees for the special use of water	23 401	39 071
Rent fees for the use of mineral resources	5 658	6 455
Rent fees for the special use of forest resources	1 199	1 426
Fees for the use of other natural resources	712	183
<b>Total duties and fees for the special use of natural resources</b>	<b>30 970</b>	<b>47 135</b>

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

Indicators, thousand UAH	2020	2019
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	-
Other proceeds	93 944	28 765
<b>Total non-tax proceeds and other budget revenue</b>	<b>93 947</b>	<b>28 765</b>

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

Indicators, thousand UAH	2020	2019
Receipts of budget entities from enterprises, organizations, individuals and other budgetary institutions for special purpose activities	1 135 630	1 903 826
Charitable contributions, grants and gifts	981 001	803 340
Fees for services provided by budget entities in the normal course of their primary activities	648 648	947 337
Rental fees for properties of budget entities	57 280	153 900
<b>Total income from exchange transactions of budget institutions</b>	<b>2 822 559</b>	<b>3 808 403</b>

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

Indicators, thousand UAH	2020	2019
Proceeds from customs payments, credited to local budget	-	-
Ecological tax	16 182	36 416
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)	20	-
<b>Total taxes and other charges to the Special Fund</b>	<b>35 231</b>	<b>36 416</b>

## 30. Other non-tax proceeds

Indicators, thousand UAH	2020	2019
Proceeds from interest participation in infrastructure development	332 194	284 227
Proceeds from compensated losses of agricultural and forestry production	1 680	3 695
Other proceeds	-	18
<b>Total other non-tax proceeds</b>	<b>333 874</b>	<b>287 940</b>

## 31. Subventions (the Special Fund)

Indicators, thousand UAH	2020	2019
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	2 217 297	-
Subvention from the state budget to local budgets for the implementation of measures for the socio-economic development of certain territories	-	1 470 910
<b>Total subventions (the Special Fund)</b>	<b>2 217 297</b>	<b>1 470 910</b>

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

Indicators, thousand UAH	2020	2019
Housing and utilities	21 766 964	19 330 026
Transport, road facilities, communication, telecommunications	9 252 526	2 747 118
Health Care	5 942 862	7 121 204
Other services related to economic activities	1 518 248	1 483 606
Construction	576 142	625 391
Culture and arts	378 046	829 077
Education	61 553	37 823
Other income from exchange transactions	809 233	392 015
<b>Total income from exchange transactions of municipal and corporate entities</b>	<b>40 305 574</b>	<b>32 566 260</b>

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

Indicators, thousand UAH	2020	2019
Income from depreciation for state funds	935 270	304 009
Assets received for free	728 569	702 603
Income from maintenance of buildings, structures, and services	213 994	-
Income from sale of financial investments	135 612	-
Income from previously received state grants associated with assets	128 635	120 520
Penalties, fines, forfeits	120 915	7 807
Recognition of grant for receipt for repayment of liabilities before EBRD	67 266	132 497
Income from rent payment	42 329	64 300
Income from liquidation	17 503	12 252
Income on reimbursement from the budget of exchange losses and other payments connected with loan repayment	15 417	106 439
Income from depreciation of non-current assets received for free	-	832 172
Income from discounting long-term liabilities	-	552 798
Income in the amount of accrued depreciation of non-current assets acquired for budget financing	-	380 005
Income in the amount of accrued depreciation from non-current assets received for free under decisions of KCSA	-	52 295
Bank interest accrued on balance of funds	-	49 205
Services on equipment maintenance and location	-	27 083
Other income	4 777 738	2 269 929
<b>Total other revenues of budget, utility and joint-stock companies</b>	<b>7 183 248</b>	<b>5 613 914</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	2020	2019
Consumables and other materials	11 259 716	12 199 789
Payroll and salary related charges	3 087 534	2 802 118
Depreciation	1 466 187	755 556
Social security benefits	1 378 200	2 006 911
Used services	1 189 048	931 057
Water, heating, energy and other utilities	745 218	984 395
Repair and maintenance expenses	441 035	598 309
Taxes and charges to the State Budget	173 219	151 963
Rental expenses	122 670	126 656
Transportation	550	3 524
Other expenses	4 234 406	2 369 962
<b>Total housing and utilities</b>	<b>24 097 783</b>	<b>22 930 240</b>

## 35. Education

Indicators, thousand UAH	2020	2019
Payroll and salary related charges	11 059 509	10 329 584
Water, heating, electricity and other utilities	2 228 930	2 168 652
Repair and maintenance costs	2 128 141	1 534 322
Consumables and other materials	1 062 946	1 071 805
Used services	217 162	151 129
Social assistance payments	190 278	276 798
Amortization	25 913	31 059
Rental costs	6 864	25 973
Transportation costs	770	1 145
Other expenses	3 529 780	2 839 214
<b>Total education</b>	<b>20 450 293</b>	<b>18 429 681</b>

## 36. Health care

Indicators, thousand UAH	2020	2019
Payroll and salary related charges	7 684 692	6 601 907
Consumables and other materials	3 731 201	1 682 458
Social assistance payments	3 602 042	2 583 748
Amortization	1 538 873	267 234
Repair and maintenance costs	881 948	756 411
Water, heating, electricity and other utilities	324 555	111 103
Used services	253 921	237 172
Taxes and fees to the state budget	24 658	6 816
Other expenses	1 655 479	3 436 374
<b>Total health care</b>	<b>19 697 369</b>	<b>15 683 223</b>

## 37. Construction

Indicators, thousand UAH	2020	2019
Repair and maintenance costs	662 970	373 218
Consumables and other materials	117 913	167 914
Wages and payroll	10 701	31 233
Used services	6 403	5 158
Amortization	781	2 125
Transportation costs	212	509 273
Taxes and fees to the state budget	103	3 601
Water, heating, electricity and other utilities	115	909
Other expenses	1 184 430	1 600 058
<b>Total construction</b>	<b>1 983 628</b>	<b>2 693 489</b>

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

Indicators, thousand UAH	2020	2019
Wages and payroll	5 124 357	2 719 949
Social assistance payments	3 734 350	3 571 602
Amortization	2 802 132	2 717 040
Consumables and other materials	1 997 446	2 262 259
Water, heating, electricity and other utilities	813 555	1 027 506
Repair and maintenance costs	288 608	228 969
Used services	210 124	246 004
Taxes and fees to the state budget	19 659	18 980
Transportation costs	24 402	4 813
Rental costs	360	471
Other expenses	6 325 052	6 812 806
<b>Total transport, roads, communications, telecommunications and computer science</b>	<b>21 340 045</b>	<b>19 610 399</b>

## 39. Social care and social security

Indicators, thousand UAH	2020	2019
Benefits, subsidies and other social benefits	2 428 594	6 680 881
Wages and payroll	936 813	723 630
Used services	5 035	8 933
Repair and maintenance costs	1 073	3 230
Consumables and other materials	861	2 614
Water, heating, electricity and other utilities	527	8 799
Other expenses	894 007	892 809
<b>Total social protection and social security</b>	<b>4 266 910</b>	<b>8 320 896</b>

## 40. Culture and arts

Indicators, thousand UAH	2020	2019
Payroll and salary related charges	994 038	854 713
Repair and maintenance costs	161 207	119 322
Depreciation	121 022	85 348
Consumables and other materials	133 795	56 886
Used services	41 629	33 974
Water, heating, electricity and other utilities	25 573	60 110
Other expenses	419 816	731 282
<b>Total culture and arts</b>	<b>1 897 080</b>	<b>1 941 635</b>

## 41. Other services related to the economic activities

Indicators, thousand UAH	2020	2019
Used services	970 555	859 994
Payroll and salary related charges	616 856	-
Consumables and other materials	289 941	275 195
Research and development, individual activities for the implementation of state (regional) programs	22 860	20 647
Depreciation	8 861	10 287
Water, heating, energy and other utilities	8 273	9 067
Repair and maintenance expenses	3 996	10 425
Rental expenses	3 900	1 904
Other expenses	597 069	725 630
<b>Total other services related to economic activities</b>	<b>2 522 311</b>	<b>1 913 149</b>

## 42. State administration

Indicators, thousand UAH	2020	2019
Payroll and salary related charges	1 925 308	1 706 669
Repair and maintenance costs	145 140	123 526
Used services	142 181	139 566
Social assistance payments	93 325	155 522
Consumables and other materials	35 866	54 528
Water, heating, electricity and other utilities	28 949	39 409
Other expenses	499 863	282 712
<b>Total public administration</b>	<b>2 870 632</b>	<b>2 501 932</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 2020, 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 155 357 thousand (2019: UAH 247 520 thousand).

#### 44. Financial expenses

Indicators, thousand UAH	2020	2019
Interest expenses	1 607 388	1 645 553
Depreciation of discount on long-term debt	176 944	200 456
Expenses for discounting liabilities under pension plans	87 595	67 850
Interest on financial leasing	4 132	2 974
Other expenses	70 247	2 899
<b>Total financial costs</b>	<b>1 946 306</b>	<b>1 919 732</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, 2020	December 31, 2019
Up to 1 year	148	72
From 1 to 5 year	30 974	54 539
More than 5 years	-	-
<b>Total future minimum lease payments</b>	<b>31 122</b>	<b>64 611</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:**

Indicators, thousand UAH	Financial assets			Carrying value
	Level 1	Fair value Level 2	Level 3	
<b>Financial assets</b>				
Investments	-	-	19 585	19 585
Receivables	-	-	15 858 589	15 858 588
<b>Non-financial assets</b>				
Fixed assets	-	-	167 520 347	167 520 347
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>183 398 521</b>	<b>183 398 521</b>
<b>Financial liabilities</b>				
Payables	-	-	13 293 330	13 293 330
Loan	-	-	13 065 220	13 065 220
<b>Total commitment</b>	<b>-</b>	<b>-</b>	<b>26 358 550</b>	<b>26 358 550</b>

As of 31 December 2020, the fair value of issued Eurobonds that were not serviced as at 31 December 2020 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.

#### As of December 31, 2019:

Indicators, thousand UAH	Financial assets			Carrying value
	Level 1	Fair value Level 2	Level 3	
<b>Financial assets</b>				
Investments	-	-	19 586	19 586
Receivables	-	-	17 001 959	17 001 959
<b>Non-financial assets</b>				
Property, plant and equipment	-	-	139 105 822	139 105 822
<b>TOTAL ASSETS</b>	-	-	<b>156 127 367</b>	<b>156 127 367</b>
<b>Financial liabilities</b>				
Payables	-	-	10 137 746	10 137 746
Borrowings	-	-	11 392 547	11 392 547
<b>TOTAL LIABILITIES</b>	-	-	<b>21 530 293</b>	<b>21 530 293</b>

#### 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
Borrowings	
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 invest-

ments, 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, 2020	December 31, 2019
Investments	19 585	19 586
Receivables	15 858 589	17 001 959
Cash and cash equivalents	7 725 499	5 023 638
<b>Maximum exposure to credit risk</b>	<b>23 603 673</b>	<b>22 045 183</b>

## 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, 2020 and 2019 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, 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
<b>Liabilities</b>						
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>

### The table below provides an analysis of financial liabilities as of December 31, 2019:

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
<b>Liabilities</b>						
Borrowings	3 688 454	15 585	4 714 130	2 974 378	-	11 392 547
Payables	4 562 799	197 587	1 336 819	-	4 040 541	10 137 746
<b>Total liabilities</b>	<b>8 251 253</b>	<b>213 172</b>	<b>6 050 949</b>	<b>2 974 378</b>	<b>4 040 541</b>	<b>21 530 293</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.

Sensitivities to market risks included below are based on changes in a factor while holding all other factors remains constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated, such as changes in interest rate and changes in foreign exchange rates.

**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, 2020	as of December 31, 2019
USD strengthening by 30%	(898 581)	(688 255)
USD weakening by 10%	898 581	688 255
EUR strengthening 30%	(15 035)	(47 382)
EUR weakening by 10%	15 035	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 as-

sets 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, 2020</b>							
Total financial assets	14 399 768	502 141	-	-	8 682 179	19 585	23 603 673
Total financial liabilities	(11 906 088)	(1 177 498)	(6 569 657)	(3 254 800)	(3 450 507)	-	(26 358 550)
<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>
<b>DECEMBER 31, 2019</b>							
Total financial assets	11 697 906	502 141	-	-	9 825 550	19 586	22 045 183
Total financial liabilities	(8 251 253)	(213 172)	(6 050 949)	(2 974 378)	(4 040 541)	-	(21 530 293)
<b>Net financial assets as of December 31, 2019</b>	<b>3 446 653</b>	<b>288 969</b>	<b>(6 050 949)</b>	<b>(2 974 378)</b>	<b>5 785 009</b>	<b>19 586</b>	<b>514 890</b>

#### 47. Presentation of financial instruments by measurement categories

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
<b>Total financial assets</b>	<b>23 584 088</b>	<b>19 586</b>	<b>23 603 673</b>
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>

The following are financial instruments by valuation categories as of December 31, 2019:

Indicators, thousand UAH	Loans and receivables	Assets available for sale	Total
Financial assets			
Investments	-	19 586	19 586
Accounts receivable on exchange transactions	17 001 959	-	17 001 959
Cash and cash equivalents	5 023 638	-	5 023 638
<b>Total financial assets</b>	<b>22 025 597</b>	<b>19 586</b>	<b>22 045 183</b>
Financial liabilities			
Loans	11 392 547	-	11 392 547
Payables	10 137 746	-	10 137 746
<b>Total financial liabilities</b>	<b>21 530 293</b>	<b>-</b>	<b>21 530 293</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 2020 is represented below:

Indicators, thousand UAH	Budget of the city of Kyiv	Governance	Construction
Revenues by segments			
Appropriations from the budget	-	8 273 671	-
Revenues from external sources	58 121 754	405 281	412 349
Intersegment income Segment costs			
Total segment costs	(30 699 804)	(8 687 969)	(411 138)
Cross-segment costs	(27 149 186)	-	-
<b>Surplus / (deficit) from operating activities</b>	<b>272 764</b>	<b>(9 017)</b>	<b>1 211</b>
Financial expenses	-	(244 971)	(49)
The share of the deficit of associated companies			
<b>Surplus / (deficit) for the reporting period</b>	<b>272 764</b>	<b>(253 988)</b>	<b>1 162</b>
<b>OTHER INFORMATION</b>			
Segment assets	-	4 443 337	10 341 338
Segment liabilities	-	1 689 717	8 491 713

The following information by segment for 2019 is represented below:

Indicators, thousand UAH	Budget of the city of Kyiv	Governance	Construction
Revenues by segments			
Appropriations from the budget	-	7 262 542	-
Revenues from external sources	62 219 576	573 331	872 812
Intersegment income Segment costs			
Total segment costs	(28 017 488)	(7 522 235)	(856 574)
Cross-segment costs	(33 328 717)	-	-
<b>Surplus / (deficit) from operating activities</b>	<b>873 371</b>	<b>313 638</b>	<b>16 238</b>
Financial expenses	-	(229 127)	(949)
The share of the deficit of associated companies			
<b>Surplus / (deficit) for the reporting period</b>	<b>873 371</b>	<b>84 512</b>	<b>15 290</b>
<b>OTHER INFORMATION</b>			
Segment assets	-	5 165 157	10 048 919
Segment liabilities	-	1 329 280	8 007 065

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 financ-

ing 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.

Utilities	Healthcare	Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
268 600	462 651	14 057 457	55 002	4 031 805	27 149 186
23 722 650	11 752 159	628 133	10 368 572	1 153 057	106 563 955
(23 811 037)	(12 243 721)	(14 952 172)	(11 464 985)	(7 253 954)	(109 524 780)
-	-	-	-	-	(27 149 186)
<b>180 213</b>	<b>(28 911)</b>	<b>(266 582)</b>	<b>(1 041 411)</b>	<b>(2 069 092)</b>	<b>(2 960 825)</b>
(197 847)	-	-	(154 120)	(751)	(597 738)
<b>(17 634)</b>	<b>(28 911)</b>	<b>(266 582)</b>	<b>(1 195 530)</b>	<b>(2 069 844)</b>	<b>(3 558 564)</b>
45 962 568	23 600 672	22 541 475	79 650 448	10 610 659	197 150 497
29 863 296	4 933 322	726 128	38 007 324	2 582 526	86 294 026
Utilities	Healthcare	Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
162 264	6 097 499	13 687 869	42 124	6 076 419	33 328 717
22 667 123	3 764 902	796 164	7 353 281	3 018 955	101 266 144
(22 464 914)	(10 547 382)	(14 738 668)	(10 867 203)	(9 182 457)	(104 196 921)
-	-	-	-	-	(33 328 717)
<b>364 473</b>	<b>(684 981)</b>	<b>(254 635)</b>	<b>(3 471 798)</b>	<b>(87 083)</b>	<b>(2 930 777)</b>
(204 567)	-	-	(135 875)	(646)	(571 164)
<b>159 907</b>	<b>(684 981)</b>	<b>(254 635)</b>	<b>(3 607 673)</b>	<b>(87 731)</b>	<b>(3 501 940)</b>
37 376 201	17 168 527	10 319 402	76 528 480	8 975 969	165 582 655
23 698 423	1 296 342	369 734	35 007 641	1 652 378	71 360 862

#### 49. Events after the reporting date

There were no significant events after the reporting date to be disclosed in accordance with the applicable conceptual framework.

Executive Body  
of the Kyiv City Council  
(Kyiv City State Administration)  
36 Khreshchatyk Street  
Kyiv, 01044, Ukraine

