

2023



KYIV

ANNUAL REPORT
FINANCIAL INFORMATION

CONSOLIDATED SPECIAL PURPOSE FINANCIAL
INFORMATION ON THE GROUP OF COMPANIES,
INSTITUTIONS AND ORGANIZATIONS OF THE
MUNICIPAL PROPERTY OF THE TERRITORIAL
COMMUNITY OF THE CITY OF KYIV FOR 2023



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DESCRIPTION OF THE APPROACH TO THE PREPARATION OF THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL INFORMATION OF THE CITY OF KYIV FOR 2023

Consolidated Special Purpose Financial Information on the group of companies, institutions and organizations of municipal property of the territorial community as of December 31, 2023 (hereinafter referred to as the Consolidated Special Purpose Financial Information) includes 1909 companies, institutions and organizations (as of December 31, 2022 included: 1910 companies, institutions and organizations (Note No. 1). The main forms of the Consolidated Special Purpose Financial Information include data on all 1 909 companies, institutions and organizations.

Audit of the consolidated special purpose financial information as of December 31, 2023 and 2022 was not conducted.

Restrictions and Deviations from the International Public Sector Accounting Standards (IPSAS)

1. The major part of land of the City of Kyiv (hereinafter referred to as the City) in the Consolidated Special Purpose Financial Information is accounted for a value equal to zero, as there is no reliable evaluation of the fair value of the relevant land fund. The total area of the City's land fund and the existing limitations regarding land accounting are disclosed in the Note No. 7.
2. Some of the companies, institutions and organizations of the City did not perform revaluation of their property, plant and equipment as at December 31, 2023 and December 31, 2022; therefore, the 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 in the Consolidated Statement of Financial Position. In addition, some companies of the City did not perform the analysis of available impairment signs 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, 2023 and December 31, 2022.
3. Financial statements of associated enterprises were not available on the date of preparation of these consolidated financial statements, accordingly, these financial statements do not contain the results of participation in the capital of associated enterprises
4. The major part of the companies of the City as of December 31, 2023 and December 31, 2022, did not allocate investment property objects from the fixed assets and did not carry out their revaluation at fair value. Respectively, investment real estate in the consolidated financial statements is presented as part of fixed assets, and the fair value of investment real estate, which is accounted for at fair value in accordance with the accounting policy, may differ from its accounting value indicated in the Consolidated Statement of Financial Position.
5. Due to technical limitations, some intercompany balances and transactions were not rolled up during consolidation, not all non-cash income and expenses were identified and rolled up in full in the Consolidated Special Purpose Financial Information.
6. Some companies of the City do not calculate and do not recognize the following in full amount:
 - Provisions for litigation;
 - Provisions for unused vacation;
 - Bonus accruals;
 - Accruals for pension plans;
 - Provision for expected credit losses on receivables;
 - Provision for expected credit losses in monetary costs.
7. Due to the fact that some of the companies of the City did not prepare detailed final information for the disclosure of separate notes during 2022, the possibility of comparing of such indicators as of the above-mentioned dates with the corresponding indicators for the previous period is limited.
8. Due to technical limitations, certain disclosures which are obligatory in compliance with the IPSAS were not prepared in full, namely:
 - Main accounting estimates and professional judgments used in applying accounting policies for valuation of fixed assets and investment real estate;
 - Reconciliation of net cash flows to the consolidated financial results;
 - Disclosure of trade receivables by non-repayment terms;

- Concentration of credit risk;
- Disclosure of information about liabilities under pension plans;
- Operations with related parties, except operations with management personnel;
- Information on construction contracts;
- Information on contingent liabilities and commitments for acquisition and construction of property, plant and equipment;
- Segment information according to the IPSAS.

Consolidated Statement of Financial Position as of December 31, 2023

Indicators, thousand UAH	Note	December 31, 2023	December 31, 2022 Recalculated*
ASSETS			
Non-current assets			
Property, plant and equipment and Investment property	7	329 223 107	194 519 891
Intangible assets	8	575 521	481 125
Advance payments for property, plant and equipment	9	7 197 672	5 328 983
Long-term receivables		21 944	279 363
Other non-current assets		12 092	1 883
Non-current assets, total		337 030 336	200 611 245
Current assets			
Inventories	10	10 174 679	8 375 646
Receivables from exchange transactions	11	8 529 548	11 352 366
Cash and cash equivalents	12	22 221 817	25 841 630
Advances issued	13	4 122 589	904 002
Other financial assets	14	996 705	261 875
Other non-financial assets	15	5 997 980	5 849 999
Receivables for non-exchange transactions	16	3 393 613	3 992 759
Current assets, total		55 436 931	56 578 277
ASSETS, TOTAL		392 467 267	257 189 522
LIABILITIES			
Non-current liabilities			
Credits and loans	17	5 974 636	6 380 027
Provision for actuarial obligations to employees	18	835 952	757 446
Obligations under construction contracts	19	782 060	782 060
Other long-term liabilities		17 756	13 262
Non-current liabilities, total		7 610 404	7 932 795
Current liabilities			
Credits and loans	17	1 267 413	1 303 966
Payables for exchange transactions	20	25 179 450	23 896 490
Advance payments received	21	1 662 350	2 441 245
Liabilities for non-exchange transactions	22	2 330 301	3 198 853
Liabilities for social benefits	23	1 450 291	-
Deferred income		171 437	213 346
Current provisions	24	2 521 028	1 734 968
Other current non-financial liabilities	25	3 774 413	3 248 249
Current liabilities, total		38 356 683	36 037 117
LIABILITIES, TOTAL		45 967 087	43 969 912
Net assets		346 500 180	213 219 610
Capital			
Accumulated surplus		133 112 067	125 217 942
Revaluation reserve		213 388 113	88 001 668
Capital total, owned by the City		346 500 180	213 219 610

* Certain amounts shown here are inconsistent with the 2022 financial statements and reflect adjustments (See Note 3).

The above Statement of Financial Position should be read together with the accompanying Notes.

Consolidated Statement of Financial Results and Comprehensive Income for the year ended on December 31, 2023

Indicators, thousand UAH	Note	2023	2022 Recalculated*
Income			
Income from non-exchange transactions			
Taxes	26	67 500 531	57 984 471
State transfers	27	8 512 649	7 111 138
Grants and charitable contributions from third parties	28	1 496 468	1 656 881
Administrative fees and payments	29	831 115	510 951
Fines		234 216	77 689
Other income		159 117	117 629
Income from non-exchange transactions, total		78 734 096	67 458 759
Income from exchange transactions			
Income from the sale of goods, works and services	30	45 446 160	46 130 701
Income from rent		222 353	174 126
Income from the sale of non-current assets	31	401 194	387 746
Income from exchange transactions, total		46 069 707	46 692 573
Income, total		124 803 803	114 151 332
Expenses			
Housing and utilities	32.1	(33 726 570)	(33 653 987)
Education	32.2	(23 489 837)	(21 816 681)
Health Care	32.3	(19 313 861)	(17 078 921)
Transport, road facilities	32.4	(14 856 011)	(11 510 551)
Social care and social security	32.5	(8 261 420)	(3 704 400)
Mental and physical development	32.6	(3 005 149)	(2 233 382)
Governance	32.7	(2 774 868)	(2 668 579)
Ecology and protection of natural resources	32.8	(1 981 126)	(1 443 672)
Other economic activity	32.9	(1 838 765)	(2 026 008)
Communication, telecommunications and informatics	32.10	(1 460 693)	(1 063 254)
Security and defense	32.11	(616 083)	(365 533)
Construction	32.12	(505 062)	(1 173 246)
Transfers to others budgets	33	(6 114 160)	(1 251 247)
Other expenses		(258 853)	(220 520)
Expenses, total		(118 202 458)	(100 209 981)
Financial income	34	1 313 936	592 009
Financial expenses	35	(825 753)	(2 245 051)
Net financial income/(expenses)		488 183	(1 653 042)
Surplus for the year, owned by the City		7 089 528	12 288 309
Other comprehensive income and expenses			
Revaluation of fixed assets and intangible assets	7,8	126 197 506	6 924 712
Actuarial income/(loss)	18	(6 464)	147 365
Posting of fixed assets that were not recorded before		-	1 240 371
Other comprehensive income, owned by the City, total		126 191 042	8 312 448
Comprehensive income for the year, total		133 280 570	20 600 757

* Certain amounts shown here are inconsistent with the 2022 financial statements and reflect adjustments (See Note 3).

The above Statement of Financial Results and Comprehensive Income should be read together with the accompanying Notes.

Consolidated Statement of Changes in Net Assets/Capital for the year ended on December 31, 2023

Indicators, thousand UAH	Accumulated comprehensive income and expenses	Revaluation reserve	Capital, total
as at January 1, 2022 Recalculated*	111 020 993	81 597 860	192 618 853
Surplus for the year	12 288 309	-	12 288 309
Other comprehensive income/(expenses)	1 387 736	6 924 712	8 312 448
Comprehensive income/(expenses) for the year, total	13 676 045	6 924 712	20 600 757
Transfers between items of the capital	520 904	(520 904)	-
as at December 31, 2022 Recalculated *	125 217 942	88 001 668	213 219 610
Surplus for the year	7 089 528		7 089 528
Other comprehensive income/(expenses)	(6 464)	126 197 506	126 191 042
Comprehensive income/(expenses) for the year	7 083 064	126 197 506	133 280 570
Transfers between items of the capital	811 061	(811 061)	-
as at December 31, 2023	133 112 067	213 388 113	346 500 180

* Certain amounts shown here are inconsistent with the 2022 financial statements and reflect adjustments (See Note 3).

The above Statement of Changes in Net Assets/Capital should be read together with the accompanying Notes.

Consolidated Cash Flow Statement for the year ended on December 31, 2023

Indicators, thousand UAH	Note	2023	2022 Recalculated *
Cash flow from operating activities			
Proceeds from taxes and fees including		67 361 809	57 310 469
Personal income tax		36 485 286	31 528 431
Single tax		13 122 369	11 236 214
Corporate income tax		8 482 072	6 833 117
Property taxes		5 882 345	5 578 974
Excise tax		3 233 797	1 988 224
Other taxes and fees		155 940	145 509
Proceeds from sold products and services		48 850 425	44 424 387
Proceeds from state transfers		8 512 649	7 111 138
Interests received		1 413 584	418 084
Proceeds from administrative fees and payments		831 115	510 951
Proceeds from grants and charitable contributions		482 721	681 410
Proceeds from rent		254 930	199 530
Proceeds from fines		234 216	77 689
Other proceeds		1 169 062	1 125 427
Proceeds from operating activities, total		129 110 511	111 859 085

Indicators, thousand UAH	Note	2023	2022 Recalculated *
Expenditures on payment for goods (works, services)		(51 979 074)	(35 011 634)
Labor costs (including relevant taxes and fees)		(44 910 300)	(41 993 862)
Payments for social security		(6 317 645)	(1 617 775)
Transfers to state administration bodies		(6 114 160)	(1 251 247)
Expenditures for payment of obligations on taxes and fees		(2 029 606)	(2 150 136)
Expenditures on individual measures for the implementation of state (regional) programs		(1 810 835)	(1 898 210)
Other expenses		(468 955)	(1 449 863)
Expenditures from operating activities, total		(113 630 575)	(85 372 727)
Net cash flow from operating activities		15 479 936	26 486 358
Cash flow from investing activities			
Proceeds from the sale of non-current assets		422 127	397 147
Expenditures for acquisition of non-current assets		(18 146 833)	(7 292 386)
Loans returned		29 165	1 457
Loans issued		(296 645)	(219 044)
Net cash flows from investing activities		(17 992 186)	(7 112 826)
Cash flow from financing activities			
Proceeds from received loans		254 882	233 659
Repayment of loans, leasing		(786 669)	(4 881 502)
Interest paid		(549 905)	(630 077)
Other payments		(1 272)	-
Net cash flow from financing activities		(1 082 964)	(5 277 920)
Net cash flow for the reporting period		(3 595 214)	14 095 612
Cash and cash equivalents at the beginning of the reporting period		25 841 630	11 730 334
Effect of exchange rate changes on cash and cash equivalent balances		(24 599)	15 684
Cash and cash equivalents at the end of the reporting period		22 221 817	25 841 630

* Certain amounts shown here are inconsistent with the 2022 financial statements and reflect adjustments (See Note 3).

The above Cash Flow Statement should be read together with the accompanying Notes.

Report on the Fulfillment of the Budget of the City of Kyiv for 2023

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	Amounts according to the final budget*	Actual amounts on a comparative basis	Deviations from the final budget
INCOME					
General Fund					
Personal and corporate income taxes	34 907 048	9 324 253	44 231 301	45 405 692	1 174 391
Subventions and grants	5 421 338	1 191 565	6 612 903	6 586 059	(26 844)
Local taxes and charges	18 069 243	598 039	18 667 282	19 043 174	375 892
Excise taxes	2 632 600	494 804	3 127 404	3 233 797	106 393
Administrative fees and charges, revenue from non-commercial economic activities	469 200	330 650	799 850	865 047	65 197

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	Amounts according to the final budget*	Actual amounts on a comparative basis	Deviations from the final budget
Duties and fees for the special use of natural resources	38 880	5 242	44 122	59 138	15 016
Funds from the sale of land, intangible assets and from privatization	100	450	550	840	290
Other non-tax proceeds	500	394 522	395 022	463 522	68 500
Special Fund					
Own revenue proceeds of budget institutions	1 861 888	-	1 861 888	2 042 034	180 146
Subventions and dotation	1 602 299	324 291	1 926 590	1 926 590	0
Special purpose funds	211 250	13 125	224 375	65 582	(158 793)
Funds from the sale of land, intangible assets and from privatization	1 080 000	(500 000)	580 000	401 194	(178 806)
Environmental tax	35 000	16 800	51 800	58 342	6 542
Grants from international organizations	-	19 280	19 280	9 996	(9 284)
Other non-tax proceeds	-	-	-	9 884	9 884
Income, total	66 329 346	12 213 021	78 542 367	80 170 891	1 628 524
EXPENDITURES					
Education	(24 306 737)	(1 203 229)	(25 509 966)	(23 533 341)	1 976 625
Health care	(6 225 201)	(1 694 907)	(7 920 108)	(6 950 916)	969 192
Social care and social security	(6 491 487)	(1 468 936)	(7 960 423)	(7 368 788)	591 635
Construction	(1 442 302)	(1 900 880)	(3 343 182)	(2 313 923)	1 029 259
Housing and utilities	(3 836 320)	(4 069 121)	(7 905 441)	(6 677 529)	1 227 912
Transport, road facilities, communication, telecommunications and informational technologies	(12 613 188)	(17 205 003)	(29 818 191)	(21 546 218)	8 271 973
Culture and arts	(1 422 818)	(56 129)	(1 478 947)	(1 530 780)	(51 833)
Governance	(5 423 977)	2 229 154	(3 194 823)	(2 939 230)	255 593
Other services related to economic activities	(1 634 246)	(358 634)	(1 992 880)	(1 844 041)	148 839
Special Purpose Funds	(35 000)	(315 374)	(350 374)	(97 926)	252 448
Physical culture and sports	(1 269 834)	(112 192)	(1 382 026)	(1 232 900)	149 126
Debt servicing	(771 050)	167 692	(603 358)	(515 638)	87 720
Transfers to the State Budget and others budgets	(10 000)	(6 169 695)	(6 179 695)	(6 137 522)	42 173
Other expenditures	(146 426)	(151 617)	(298 043)	(279 559)	18 484
Expenditures, total	(65 628 586)	(32 308 871)	-97 937 457	(82 968 311)	14 969 146
Suplus (Deficit) for the reporting period	700 760	(20 095 850)	-19 395 090	(2 797 420)	16 597 670

*Approved by the Kyiv City Council for the reporting year considering changes

Report on the Fulfillment of the Budget of the City of Kyiv for 2022

Indicators, thousand UAH	Amounts of funds according to the initial budget	Adjustments	Amounts according to the final budget*	Actual amounts on a comparative basis	Deviations from the final budget
Income					
General Fund					
Personal and corporate income taxes	36 490 596	1 640 789	38 131 385	39 128 100	996 715
Subventions and grants	6 513 102	(76 702)	6 436 400	6 372 152	(64 248)
Local taxes and charges	16 335 143	124 066	16 459 209	16 853 952	394 743
Excise taxes on excisable goods sold by retailers	2 361 741	(915 000)	1 446 741	1 988 224	541 483
Administrative fees and charges, revenue from non-commercial economic activities	676 300	(208 600)	467 700	534 339	66 639
Duties and fees for the special use of natural resources	36 233	0	36 233	54 920	18 687
Other non-tax proceeds and other budget income	35 500	113 744	149 244	194 681	45 437
Special Fund					
Own revenue proceeds of budget institutions	2 139 848	285 897	2 425 745	1 831 974	(593 771)
Subventions from the State Budget	2 460 041	1 412 450	3 872 491	738 986	(3 133 505)
Special purpose funds	667 000	(280 469)	386 531	56 244	(330 287)
Funds from the sale of land, intangible assets and from privatization	1 177 200	(350 000)	827 200	387 746	(439 454)
Environmental tax	35 770	(17 237)	18 533	51 825	33 292
Other taxes and duties	-	-	-	-	-
Other non-tax proceeds	13 633	118 427	132 060	139 114	7 054
Income, total	68 942 107	1 847 365	70 789 472	68 332 257	(2 457 215)
Expenditures					
Education	(27 424 770)	2 764 475	(24 660 295)	(20 940 439)	3 719 856
Health care	(6 067 132)	(552 755)	(6 619 887)	(5 467 713)	1 152 174
Social care and social security	(5 386 865)	1 046 270	(4 340 595)	(3 355 118)	985 477
Construction	(2 263 398)	1 335 484	(927 914)	(486 692)	441 222
Housing and utilities	(4 272 133)	(1 937 483)	(6 209 616)	(4 345 794)	1 863 822
Transport, road facilities, communication, telecommunications and informational technologies	(12 904 339)	1 342 225	(11 562 114)	(9 071 766)	2 490 348
Culture and arts	(1 489 043)	4 190	(1 484 853)	(1 339 016)	145 837
Governance	(2 774 450)	4 214	(2 770 236)	(2 150 524)	619 712
Other services related to economic activities	(1 306 129)	(6 281 832)	(7 587 961)	(6 997 288)	590 673
Special Purpose Funds	-	-	-	-	-
Physical culture and sports	(1 390 408)	198 492	(1 191 916)	(843 919)	347 997
Debt servicing	(971 763)	43 442	(928 321)	(536 154)	392 167
Transfers to the State Budget and others budgets	-	(829 791)	(829 791)	(829 791)	-
Other expenditures	(727 014)	(4 620 301)	(5 347 315)	(4 145 418)	1 201 897
Expenditures, total	(66 977 444)	(7 483 370)	(74 460 814)	(60 509 632)	13 951 182
Surplus (Deficit) for the reporting period	1 964 663	(5 636 005)	(3 671 342)	7 822 625	11 493 967

* Approved by the Kyiv City Council for the reporting year considering changes

Reconciliation of the Consolidated Financial Result to the Result of the Fulfillment of the Budget of the City of Kyiv for 2023

Indicators, thousand UAH	2023	2022 Recalculated*
Result of budget fulfillment	(2 797 420)	7 822 625
(I) Net cash flow of funds for operations of obtaining and repaying loans	(3 976)	3 254 458
(II) Foreign exchange differences and interest on loans	(19 057)	(1 304 886)
(III) Financial result of municipal companies, budget institutions and joint-stock entities not included into the budget of the City	(2 928 264)	(2 283 476)
(IV) Effect of elimination adjustments of transfers to municipal companies with budget expenditures	13 242 377	4 720 255
(V) Adjustment of proceeds from taxes and charges accrued on the cash basis	138 722	526 183
(VI) Effect of elimination adjustments of income tax paid by municipal companies with budget income	(438 334)	(618 733)
(VI) Effect of accounting of other transactions using the accrual method	(104 520)	171 883
Surplus for the year, belonging to the City	7 089 528	12 288 309

- I. Report on the Fulfillment of the Budget includes the cash flow on credit transactions, as well as in 2022 the repayment of the loan to the state budget is reflected as part of expenses for payment of services. These expenses are not expenses/income under the accrual method.
- II. Since the Report on the Fulfillment of the Budget is prepared on the cash basis method, results of budget fulfillment were adjusted by the recognition of the foreign currency exchange differences arising on debt obligations denominated foreign currency.
- III. Report on the Fulfillment of the Budget does not include gains/losses of municipal companies, budget institutions and joint-stock entities for the reporting period, therefore, in the process of consolidation; the results of their activities are added to the Consolidated Special Purpose Financial Information
- IV. During the preparation of consolidated information, local budget expenditures were eliminated with revenues received by budget organizations and municipal companies from the City budget.
- V. Proceeds from taxes and duties were included to budget revenue using on the cash basis method. Adjustment represents the application of the accrual method of accounting of taxes and fees.
- VI. Report on the Fulfillment of the Budget includes income tax paid by municipal companies included in the scope of consolidation, therefore, in the process of consolidation, the receipts of this tax were eliminated with the corresponding expenses of municipal companies.



NOTES TO THE CONSOLIDATED SPECIAL PURPOSE FINANCIAL INFORMATION

1. General Information

Consolidated special purpose financial information of the City includes information on the Kyiv City Council (secretariat of the Kyiv City Council), the executive body of the Kyiv City Council (Kyiv City State Administration) (hereinafter referred to as the executive body of the KCC (KCSA)), including: Executive Office of the executive body of the KCC (KCSA), 25 departments of the executive body of the KCC (KCSA) (2022 - 23), 2 administrations of the executive body of the KCC (KCSA) (2022 - 4), the 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 the city of Kyiv (hereinafter referred to as the DSA) (2022 - 10 DSAs) and 1 867 (2022 - 1 868) companies, institutions, organizations based on the municipal property of the territorial community of the City directly or indirectly subordinated to them, of which 423 self-supporting and 1 444 budget institutions (2022 - 428 self-supporting and 1 440 budget institutions), taking into account the companies of the City, which were in the state of reorganization or liquidation (Note No. 4). As of December 31, 2023 and 2022, the City had a share of corporate rights and control over 6 joint stock companies.

The main purpose of the City's activity is to provide services for the development of infrastructure, health care, communication, education, transport, sports and cultural development, social protection, waste disposal, emergency assistance, electricity and water supply and other communal services to the population of the City, as well as services for complex construction, improvement and maintenance of the territory.

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

2. Economic Environment

On February 24, 2022, the Russian Federation launched a new wave of unprovoked and outrageous aggression and invaded the territory of Ukraine with a broad front. One of the most significant defense fronts of Ukraine was the defense of the City and Kyiv region. In March, the aggressor's troops were tens of kilometers from the capital, but thanks to the heroic resistance of the defenders of Ukraine, the invader was driven away. As a result of the attack on the front in the Kyiv region, the occupier caused significant damage to

the infrastructure of the region and the capital. Numerous cases of infiltration into the City by enemy sabotage and tactical groups were recorded until 07.04.2022, which were successfully eliminated. The shelling of the capital, which began on 24.02.2022, did not stop during 2023 and will not stop at the time of approval of the financial statements. Since September 2022, rocket attacks on the capital have become much more intense. The main target of the terrorist state of the Russian Federation was the objects of critical infrastructure - thermal power plants, hydroelectric power stations, power transmission lines, other essential nodes of the energy infrastructure, due to the damage of which, partial power cuts were introduced in the City in order of priority. Also, isolated cases of complete blackout were recorded in the city, which, nevertheless, managed to be eliminated in a timely manner thanks to the heroic efforts of special services in close cooperation with DTEK specialists.

Since the beginning of the armed aggression of the Russian Federation, the spheres of trade, industry, construction and transport in the City have significantly decreased due to a significant outflow of labor and the closure of companies in connection with the proximity to the territories of active military operations. In addition, product supply chains were destroyed, logistics were significantly limited, sales markets were lost and the purchasing power of the population decreased.

Due to the destruction caused by enemy shelling, there was a shortage of suitable warehouses for storing products. Despite state price regulation, the prices of food products (+7,0%) and pharmaceutical products (+6,9%) increased significantly. Military actions, disruptions in logistics, shortage of supplies and production of some product groups led to a significant increase in the consumer price index to the level of 106,3%. From the third decade of March, after the withdrawal of troops of the Russian Federation from the Kyiv region, the recovery of the real sector of the economy began, in particular the work of trade and retail chains, industry and construction of the City. In connection with the mass return of residents to the City, the demand for food products has increased. Thanks to the repair of damaged roads in the suburbs, the broken supply chains have been partially restored. This contributed to the recovery of food industry companies. In addition, machine-building companies, in particular those involved in the military-industrial complex, the pharmaceutical industry (due to the increase in demand for pharmaceutical products and drugs for the army and hospitals), as well as light industry - due to the increase in government orders for the provision of the army - are resuming their work.

The attack of the Russian Federation led to a massive exodus of residents from the City, but during 2023, not only the return of Kyivans was recorded, but also a significant increase in the number of internally displaced persons. As of the end of 2023, there were 410,3 thousands of internally displaced persons in the City, of which 40,5 thousands were registered in 2023.

Since the beginning of the war, the movement of communal transport has been restored, roads have been repaired, and other residential and non-residential objects that were damaged during shelling have been restored.

In conditions of continuation of full-scale military operations in 2023 due to a high level of security risks, significant level of budget deficit and dependence on external financial aid, indicators of the development of the economy of Ukraine had positive dynamics. The development of alternative ways of exporting Ukrainian products, favorable weather conditions, high yields of agricultural crops and the adaptability of Ukrainian business had a positive impact on the GDP indicator, which is 5,3%. At the same time, the massive rocket attacks that occurred continuously throughout the year, the shortage of electricity supply, disparities in the labor market, decrease in prices for Ukrainian export goods, and logistical problems related to the blocking of borders significantly reduced the level of export revenues and incomes of enterprises and the population. Nevertheless, the City remains a leader among exporting regions. The volume of export of goods amounted to 9,4 billion USD (in 2022 – 10,5 billion USD) that is 26% of national export (in 2022 - 23,7%).

According to the Pension Fund of Ukraine, the salary in December 2023 amounted to more than 24,4 thousand UAH, which is higher than the figure for January 2022 (21,7 thousand UAH). Also, this indicator is the highest in Ukraine (1,7 times higher than the national average of 14,3 thousand UAH), which is explained by the concentration of central authorities, higher courts, offices of leading foreign companies, etc. in the capital. In October 2023, the Government approved a minimum wage of 7 100 UAH starting from January 1, 2024 and 8 000 UAH starting from April 1, 2024. Note No. 33 discloses information about the structure of expenses by types of the City activities. In general, the growth of salaries have increased by at least 7% (2022 - 10%).

Due to the uncertainty of the general macroeconomic situation in the country and the fear of foreign investors regarding repeated hostilities and/or destruction during missile attacks, the City did not receive a significant share of investments. At the same time, Ukraine's strategic partners and humanitarian and non-profit organizations sent funds and humanitarian aid, including in the City. Thus, from foreign partners and sister cities, Kyiv received 0,256 million USD from the Government of Greater Paris (France) in 2023, in particular,

for the construction of a pedestrian bridge crossing between the Obolon bay and Obolon island, which includes an underground part as a shelter, and an above-ground sports recreation area.

During 2023 the international rating agency Fitch Ratings confirmed the long-term default ratings of the issuer of Ukraine in national and foreign currencies at the level of CC and CCC, respectively. In April 2023, the international rating agency Standard & Poor's lowered the long-term default rating of the issuer of Ukraine in foreign currency from CCC+ to CCC, confirming it in September 2023 with a negative forecast. The long-term default rating of the issuer of Ukraine in the national currency has been confirmed at the level of CCC+.

The City's management focuses on maintaining the stable operation of the City, which corresponds to the existing circumstances and available information. However, against the background of the current situation, the possibility of the emergence of external factors that may have a negative impact on the stability of the City's activities in general, and therefore on the results of operations and financial condition of the City, the nature and consequences of which cannot be determined at the present time, is not excluded.

3. Basic Principles of the Accounting Policy

Basis of preparation. Consolidated Special Purpose Financial Information of the City (hereinafter referred to as the Consolidated Financial Information) has been prepared in compliance with the main principles of the accounting policy described in this Note in accordance to the requirements of the International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB). This Consolidated Financial Information is not fully consistent with the IPSAS due to the limitations and deviations outlined in the Description of the approach to the preparation of the consolidated special purpose financial information.

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 that were accounted for at revaluation cost respectively, and taking into account the list of limitations and approach to the preparation of the consolidated financial information of the City.

Consolidation of controlled companies. Controlled companies are all economic entities concerning which the City has the authority to manage their financial and operating activities. Controlled companies are to be fully consolidated since the date the City begin to control them. Their consolidation

shall be stopped since the date of loss of control of the City over these companies. Operations between the City's companies and balances of their transactions, as well as unrealized profits and losses on transactions between them, should be rolled up during the consolidation. If controlled companies use accounting policies that are different from the City's accounting policies, the financial information about these companies has been the subject to appropriate adjustments for the purpose of preparing the consolidated financial information of the City.

Changes in presentation format and correction of errors.

During preparation of these consolidated financial statements in order to improve the relevance and clarity of the information, the City has changed the presentation of some items of the financial statements and related notes. The presentation of relevant comparative data has been adjusted accordingly.

The City retrospectively corrected some mistakes and listed the information for 2022:

(I) Targeted funding and income of the future periods. In previous years, received financing from the budget that remained unused, as well as income of future periods (not depreciated part of transfers for the purchase of inventories, fixed assets and intangible assets) were recognized as liabilities. However, in fact, these amounts are the result of intragroup transactions between the budget of the city of Kyiv and municipal companies and therefore should be eliminated with the accumulated surplus/deficit of the local budget. As a result, accumulated surplus was understated and liabilities were overstated.

(II) Grants received from the third parties. In previous years, grants received from the third parties that were related to assets were also recognized as deferred income of future periods. However, according to the requirements of the IPSAS 23, targeted grants that do not contain a contractual obligation to return grant amounts in case of misuse should be immediately recognized as income. As a result, accumulated surplus was understated and liabilities were overstated.

(III) Elimination of intragroup balances and income/expenses. As indicated in the Description of the approach to the preparation of the Consolidated Financial Statements, due to technical limitations, not all intragroup balances and turnovers were eliminated in previous years. As a result, some assets and liabilities were simultaneously overstated. In 2023 the City eliminated the necessary amounts, also correcting comparative data for 2022.

(VI) Deferred and current income tax. The City concluded that since the deferred tax assets and liabilities relate to the income tax paid by the municipal companies of the budget of the city of Kyiv, such balances belong to the intragroup balances, as well as the balances and movements from the current income tax. Therefore, such amounts should be eliminated in the Consolidated Financial Statements. As a result, assets and liabilities were overstated and the equity was understated by the corresponding amounts of current and deferred income tax balances.

(V) Accounts receivable and payable for non-exchange transactions. In conditions of preparation of consolidated financial statements for 2022, the City did not receive information from the tax authorities regarding tax debts and overpayments to the local budget of the city of Kyiv, therefore data as of December 31, 2021 was used. The City obtained necessary information during preparation of these financial statements and retrospectively reflected the necessary amounts as of December 31, 2022 and for the year ended on that date.

(VI) During preparation of these financial statements, other errors have also been corrected and necessary eliminations have been retrospectively reflected in the Cash Flow Statement for 2022 and in the Notes for 2022.

The effect that the change in presentation format had on the comparative information in the consolidated statement of financial position, the statement of financial results and the consolidated cash flow statement is presented in the following tables:

In the consolidated statement of financial position:

Indicators, thousand UAH	As presented in the financial statements as of December 31, 2022	Correction of errors, reclassifications, eliminations	As presented adjusted comparative data as of December 31, 2022
Total non-current assets	201 664 064	(1 052 819)	200 611 245
Total current assets	50 299 007	6 279 270	56 578 277
Total assets	251 963 071	5 226 451	257 189 522
Total non-current liabilities	(77 610 440)	69 677 645	(7 932 795)
Total current liabilities	(36 040 004)	2 887	(36 037 117)

Indicators, thousand UAH	As presented in the financial statements as of December 31, 2022	Correction of errors, reclassifications, eliminations	As presented adjusted comparative data as of December 31, 2022
Total liabilities	(113 650 444)	69 680 532	(43 969 912)
Net assets	138 312 627	74 906 983	213 219 610

In the consolidated statement of financial results:

Indicators, thousand UAH	As presented in the financial statements as of December 31, 2022	Correction of errors, reclassifications, eliminations	As presented adjusted comparative data as of December 31, 2022
Total income	142 806 553	(28 655 221)	114 151 332
Total expenses	(114 883 477)	14 673 496	(100 209 981)
Income tax	(138 944)	138 944	-
Net financial income/(expenses)	(839 220)	(813 822)	(1 653 042)
Surplus for the year, owned by the City	26 944 912	(14 656 603)	12 288 309

In the consolidated cash flow statement:

Indicators, thousand UAH	As presented in the financial statements as of December 31, 2022	Correction of errors, reclassifications, eliminations	As presented adjusted comparative data as of December 31, 2022
Net cash flow from operating activities	33 955 936	(7 469 578)	26 486 358
Net cash flow from investment activities	(18 215 286)	11 102 460	(7 112 826)
Net cash flow from financial activities	3 140 683	(8 418 603)	(5 277 920)
Net cash flow for the reporting period	18 881 333	(4 785 721)	14 095 612
Cash and cash equivalents at the beginning of the reporting period	10 285 785	1 444 549	11 730 334
Cash and cash equivalents at the end of the reporting period	18 470 369	7 371 261	25 841 630

Associated companies. Investments of the City in associated companies are accounted for using the equity method. In accordance with the equity method, an investment in an associated company is reflected in the statement of financial position at initial cost plus changes in the City's share in the financial result after taxation of the associated company after the acquisition.

Statement of financial results reflects a share in the results of the activities of the associated company. In the case of changes recognized directly in the net assets of an associated company, 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 associated companies are excluded in the amount of the City's share in these associated companies.

The City determines the need for recognition of additional impairment losses on the investments of the City in its associated companies 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 associated company and its carrying amount and recognizes the corresponding amount in the consolidated statement of financial results. However, if the City's share in the loss of an associated company is equal or exceeds its share in that associated company, including any other unsecured amounts receivable, the City does not recognize future losses, except of the cases when it undertook the liability or made payments on behalf of associated company.

Foreign currency translation. The functional currency of the City and consolidated companies is Ukrainian hryvnia. 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 (hereinafter referred to as the NBU) at the end of the reporting period. Profits and losses on foreign exchange differences are reflected in the surplus or deficit for the reporting period.

The exchange rates of the main world currencies to the Ukrainian hryvnia, established by the NBU as at December 31, 2023 and December 31, 2022 are indicated below:

	As of December 31, 2023	As of December 31, 2022
UAH/USD	37,9824	36,5686
UAH/EUR	42,2079	38,9510

Profits and losses from the exchange rates related to borrowings are presented in the consolidated statement of financial results in the structure of financial income or expenses. All other profits and losses from the exchange differences are presented in the consolidated statement of financial results in the structure of other expenses.

Property, plant and equipment. Property, plant and equipment are accounted for revalued amounts, less accumulated depreciation and impairment provision, 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 provision. 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 provision. All other cases of decrease of the book value are recorded in the surplus or deficit for the reporting period. The revaluation provision of property, plant and equipment is transferred directly to retained earnings in case if revaluation amount is realized, i.e., 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 value is adjusted to the revalued asset amount.

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

written-off. 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.

Current and capital repair and maintenance costs that do not lead to an increase in the originally expected benefits from the use of the asset belong to the expenses of the period in which they were incurred.

Recognition of property, plant and equipment is terminated after their disposal or if the continued use of the asset is not expected to bring future economic benefits or will not lead to the implementation of operating capacity. Profits and losses from disposals are reflected in the consolidated statement of profit or loss.

At the end of each reporting period, the City evaluates property, plant and equipment for their possible impairment. If such signs exist, the City shall determine the cost of reimbursing an asset as its fair value excluding sales costs or the cost of using an asset, whichever is bigger. The book value is reduced to the value of the reimbursement or to the value 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 of items of property, plant and equipment is calculated using the straight-line method in order to evenly reduce the initial value to the liquidation value during the estimated term of their useful lives according to the following norms:

Land plots	are 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

Liquidation value of assets and the terms of their useful life are reviewed and adjusted prospectively, if necessary, at the end of each reporting period.

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 initial cost, including acquisition costs. In case if investment property is acquired in non-exchange

transactions, the investment property objects is valued at fair value as of the acquisition date. After initial recognition, investment property objects are estimated at fair value. Profits and losses arising from changes in the fair value of investment property are included in profit or loss of the period in which they occur.

Investment property ceases to be recognized after its disposal 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

Intangible assets. Acquired separately intangible assets are initially recognized at their initial 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 accounted for at initial 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 evaluated for impairment if there are signs of asset impairment.

Terms and methods of depreciation of intangible assets with a limited useful life are reviewed at the end of each reporting period. Changes in expected useful lives 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 in 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 derecognized.

Financial Instruments

(i) Financial assets. The City's financial assets include cash and cash equivalents, cash received as guarantee under tender contracts and funds in escrow accounts, trade receivables and outstanding loans, all of which are classified at amortized cost.

Trade receivables. Trade receivables are initially accounted at fair value and subsequently estimated at amortized cost using the effective interest rate method less provisions for impairment under IPSAS 41. Trade receivables are debts owed to customers for finished products and services that have been rendered in the ordinary course of activity or for inventory that has been sold.

Estimated provision for expected credit losses on trade receivables.

Municipal companies, which according to the legislation of Ukraine belong to the category of enterprises of public interest, determine the provision for expected credit losses, applying the simplified approach provided by IFRS 9, which allows the use the provision for expected losses for the entire term of the instrument for all assets in the category Trade receivables and which meets the requirements of IPSAS 41. In order to estimate the expected credit loss, trade receivables are grouped into categories according to common credit risk characteristics and the number of days overdue. Provision for credit risks of trade receivables is determined by the simplified method as a % of the gross value according to the reserve matrix, which is based on the number of days of payment delay.

Other companies determine a provision for impairment of receivables when there is objective evidence that the City will not be able to collect the entire amount owed in accordance with the original terms.

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, bank deposits on demand, balances on the Treasury accounts, funds in local budget accounts, deposits on demand in financial institutions, with an initial maturity of up to three months (92 days), which can be easily convertible into known amounts of cash and the risk of changes in the fair value of which is insignificant. Cash and cash equivalents are initially recognized at fair value and subsequently evaluated at amortized cost less impairment losses.

Financial assets - write-off. Financial assets are written off on the whole or in part when the City is out of all practical possibilities for their recovery and has come to the conclusion that expectations regarding the recovery of such assets are unreasonable. Write-off is a derecognition event.

(ii) Financial liabilities. The City's financial liabilities include trade payables and borrowings (credits, loans, leasing), all of which are classified in the estimate category under the amortized cost in accordance with IPSAS 41.

Trade payables. These amounts represent liabilities for goods and services that were provided to the City before the end of the reporting period and were not paid for. Trade payables are presented as current liabilities, except cases when the debt is not payable within 12 months after the end of the reporting period. It is initially recognized at fair value and subsequently evaluated at amortized cost using the effective interest method.

Loan funds. Loan funds are initially recognized at fair value less transaction costs incurred. In the future, loan funds are evaluated at amortized cost. Any difference between the proceeds, less transaction costs, and the redemption value is recognized in profit or loss during the period for which the loan funds were borrowed, using the effective interest rate method. Fees paid for issuing a loan are recognized as part of the costs of conducting a loan transaction to the extent that there is a probability that the loan funds will be partially or fully received. Loan funds are removed from the statement of financial position when the liability specified in the contract is fulfilled, terminated or the term of its fulfillment expires.

Modification of financial liabilities. If the contractual terms of the liabilities are revised or changed, the Company takes them into account as cancellation of the original financial liability and recognition of a new financial liability, if the change in terms is significant. A change in terms is considered significant if the discounted present value of the cash flows under the new terms, including any duties paid less payments received and discounted at the original effective interest rate, differs by at least 10 percent from the present value of the remaining cash flows of the original financial liability.

(iii) Offsetting of financial assets and liabilities. The offsetting of financial assets and liabilities with the following 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 there is an intention to make a settlement based on the net amount or at the same time sell an asset and pay off liabilities.

Inventories. Inventories are measured at the lower of initial cost and net realizable value. The cost of raw materials, spare parts and goods should be accounted for using the First In,

First Out method (FIFO); the cost of goods and materials that do not replace each other, at an identified prime cost.

Receivables from non-exchange transactions. Accounts receivable for non-exchange transactions consist of taxes and fees payable to the City budget and valued at the nominal value.

Advances received from non-exchange transactions. Advances received 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.

Provisions. Provisions are recognized when the City has a current obligation (legal or constructive) as a result of a past event and there is a possibility that the repayment of the debt will require the disposal of resources embodying economic benefits and the amount of the obligation can be measured reliably.

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

Some municipal companies of the City are obliged to compensate the State Pension Fund of Ukraine for pensions paid by the state to employees who worked for a certain time in harmful conditions, and because of this, have the right to retire and receive a pension earlier than the retirement age established by law. The net amount of this liability is calculated by estimating the amount of future benefits belonging to employees for services rendered by them in the current and prior periods. The amount of benefits is then discounted to determine the present value of the liability, which is reflected in the statement of financial position. The discount rate is estimated using the yield on government securities that have a high rating and the same maturity as the corresponding pension liability and is adjusted for the average expected rate of inflation.

The defined benefit pension plan expense categories are presented as follows:

- the cost of services (including the cost of current services, the cost of previously provided services, as well as profits and losses from the reduction and repayment of the plan) is recognized as part of the initial cost
- net interest income/(expenses) – recognized as part of financial income/(expenses)
- revaluation - is recognized in other comprehensive income and relates directly to retained earnings and is not subject to reclassification to profit or loss.

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.

Contingent assets. Contingent assets are not recognized in the financial statements. The City values an asset when it is highly probable that economic benefits or potential benefits will flow and the value of the asset can be reliably estimated.

Contingent liabilities. Contingent liabilities are not recognized in the financial statements by the City. 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.

Income from non-exchange transactions

Taxes and charges. Income from taxes and charges are measured at fair value and recognized at the time of their accrual, subject to obtaining control over resources that meet the asset definition and the asset recognition criteria. Other income from non-exchange transactions is recognized only if it is probable that future economic benefits will be obtained 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 and 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. Income from the sale of products (goods, other assets) is recognized if all of the following conditions are executed: risks and benefits of ownership of the product (goods, other assets) are transferred to the buyer; the company 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 company 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 income and expenses associated with the construction contract are recognized as income and expenses 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 expenses.

Taxes

Income tax. In this Consolidated Financial Information, income tax expenses are eliminated because the tax is paid to the local budget, which is considered as an intragroup transaction.

Deferred income tax. Deferred income tax is not recognized in the consolidated financial statements, as it arises from income tax paid to the local budget, which is considered as an intragroup transaction.

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 from VAT by the legislation); 7% applies to the supply and import operations in the customs territory of Ukraine of all medical devices that are included 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. Input VAT for companies which are registered as VAT payers is accounted for as follows: the right to credit on input VAT 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 credit on input VAT on the import of goods or services arises at the moment of tax payment. For companies that are not registered as VAT payers, the input VAT is included in the cost of goods, works, services purchased, and is included into the expenses of the period or capitalized accordingly. Some enterprises account for VAT using the cash method, according to which a tax credit or liability arises at the time of payment.

Prepayments to suppliers and advances from customers are shown including VAT.

Related parties. Parties are generally considered to be related if one party has the ability to control the other party or can exercise a significant influence on the other's financial and operational decisions, or if the business entity of the related party and the other entity are under joint control.

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 part of reporting entity, that provides them the significant influence on that entity, as well as close family members of any of such individuals;
- Key management staff and family members of key management staff;
- Entities in which a substantial part of the property belongs directly or indirectly to the individual referred to in the third or fourth paragraphs, or those to which such individual is capable of exercising significant influence.

Budget information. The City's annual budget is prepared in compliance with the cash method. The reconciliation of planned expenses and revenues is presented in the Report on the Fulfillment of the Budget of the City. Due to the application of the cash method 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 financing of main 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;

- Crediting the budget (repayment loans to the budget without the determination of the target direction and provision of loans from the budget, which is carried out at the expense of revenues from the General Fund of the budget);
- Financing of the General Fund of the budget.

Special Fund. The Special Fund of the budget provides for special purpose use of budget funds according to budget 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 Special Fund of the budget are:

- Special purpose budget revenues (including own revenue proceeds of budget institutions);
- Budget expenditures made at the cost of specifically determined revenues of the Special Fund of the budget (including own revenue proceeds of budget institutions);
- Crediting the budget (repayment loans to the budget with the determination of the target direction and provision of loans from the budget, which is carried out at the expense of specifically determined revenues of the special budget fund);
- Financing of the Special Fund of the budget.

4. New and Revised Standards and Interpretations

From January 1, 2023, the IPSAS No. 41 Financial Instruments entered into force, which replaced the following parts of IPSAS No. 29 Financial Instruments: Recognition and evaluation, which combines all three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The City applied the new standard prospectively and did not list comparative data. The application of the new standard did not have a significant impact on financial reporting, as large municipal companies used similar accounting requirements for financial instruments under IFRS 9 from 2018.

5. Significant Accounting Estimates and Judgments

In applying of accounting policies the City applies professional judgments and estimates. The accounting estimates and judgments are constantly analyzed based on its Management's experience and other factors, including expectations about future events that the Management believes are justified in the light of current circumstances. Professional judgments that have the most significant impact on the amounts are 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 include:

Estimation of receivables from exchange transactions. Receivables from exchange transactions including receivables from people 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 from 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 formation of the provisions the City applies professional judgment regarding the appropriateness of the formation of the provision and assesses the credit rating of counterparties on an ongoing basis.

Valuation of investments in associated companies and subsidiaries

Of the total number of self-supporting utility companies (institutions, organizations) (423) as of 31.12.2023 (2022 - 428), 152 – legal entities are in the process of termination

(liquidation, reorganization) (2022 - 148), 1 company is on the territory Crimea (2022 - 1), 9 – do not carry out financial and economic activities (2022 - 9) and are not in the process of termination by decision of the owner.

Of the total number of budget institutions (1 486) as of December 31, 2023 (2022 - 1 482), 54 legal entities are in the process of termination (liquidation, reorganization) (2021 - 63).

The City also has investments in 30 companies (2022 - 30 companies) with a share of ownership from 1% to 100%. As of December 31, 2023 the City had no control or significant influence over 23 companies (2022 - 23 companies), of which 6 are in the process of liquidation and 13 do not carry out economic activities. Investments in such companies were not classified as associated companies or subsidiaries. Assets, liabilities and financial results of companies in the process of liquidation and companies, that do not carry out economic activities, were not included in the Consolidated Financial Information as of December 31, 2023 and 2022.

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 City considers that, in such a situation, assets are not held for rental income or increase of capital value, and the income received is related to the purposes for which such assets are held. Such assets do not belong to the category of investment property and are accounted for in accordance with the requirements of the IPSAS No. 17 *Property, Plant and Equipment*.



6. Related Party Transactions

Information about remuneration of the key management staff for 2023 is presented below

Remuneration of the key management staff for 2023 (i), thousand UAH	2023	2022
Head of the Kyiv City State Administration	1 004	906
First Deputy Head of the Kyiv City State Administration	935	1 109
First Deputy Chairman for Self-Government Powers of Kyiv City State Administration	-	97
Deputies of the Head of the Kyiv City State Administration (12 persons)	6 725	7 884
Head of the Executive Office of the Kyiv City State Administration	901	984
Director of the Department of Construction and Housing Provision	814	778
Director of the Department of Internal Financial Control and Audit	830	862
Director of the Department of Economy and Investments	954	896
Director of the Department of Housing and Municipal Infrastructure	786	800
Director of the Department for State Architectural and Construction Control	876	719
Director of the Department of Prevention and Detection of Corruption	24	-
Director of the Department for Registration	891	861
Director of the Department of Environmental Protection and Adaptation to Climate Change	442	-
Director of the Department of Land Resources	891	796
Director of the Department of Information and Communication Technologies	606	805
Director of the Department of Municipal Property of the City of Kyiv	822	796
Director of the Department of Culture	830	585
Director of the Department of Urban Planning and Architecture	771	698
Director of the Department of City Improvement	753	771
Director of the Department of Youth and Sports	690	572
Director of the Department of Municipal Security	963	943
Director of the Department of Education and Science	848	698
Director of the Department of Health Care	865	895
Director of the Department of Cultural Legacy Protection	694	759
Director of the Department of Industry and Entrepreneurship Development	574	733
Director of the Department of Social Policy	718	749
Director of the Department of Social Communications	922	793
Director of the Department of Territorial Control of the City of Kyiv	381	-
Director of the Department of Transport Infrastructure	971	948
Director of the Department of Finance	807	918
Director of the Department (Center) of Administrative Services	874	865
Director of the State Archive of the City of Kyiv	785	637
Head of the Service for Children and Family	618	673
Head of the Department of Ecology and Natural Resources	274	651
Head of the Department for Advertisement	639	501
Head of the Department (Inspectorate) of Self-Government Control	-	698
Head of the Department of Tourism and Promotions	653	629
Total	32 131	33 009

(i) Amount of accrued wages (including amounts of taxes withheld from wages)

7. Property, Plant and Equipment and Investment Property

Indicators, thousand UAH	Land plots	Buildings and constructions	Machinery and equipment	Vehicles	Construction in progress	Other fixed assets	Total
As of January 01, 2022:							
Initial value	19 079 602	290 165 691	21 027 847	22 561 426	43 589 297	14 014 594	410 438 457
Accumulated depreciation	(2 538)	(202 766 102)	(8 305 186)	(6 134 390)	-	(6 407 517)	(223 615 733)
Residual value	19 077 064	87 399 589	12 722 661	16 427 036	43 589 297	7 607 077	186 822 724
Additions, disposals, and other transfers	394 452	3 064 254	997 709	682 430	1 977 008	2 681 683	9 797 536
Revaluation	88 522	5 799 037	-	1 036 095	-	1 058	6 924 712
Depreciation for the year	-	(4 309 492)	(2 067 682)	(1 851 231)	-	(796 676)	(9 025 081)
As of December 31, 2022:							
Initial value	19 562 576	265 769 639	22 025 556	24 279 951	45 566 305	16 697 335	393 901 362
Accumulated depreciation	(2 538)	(173 816 251)	(10 372 868)	(7 985 621)	-	(7 204 193)	(199 381 471)
Residual value	19 560 038	91 953 388	11 652 688	16 294 330	45 566 305	9 493 142	194 519 891
Additions, disposals, and other transfers	1 374 165	9 673 657	3 586 174	924 298	2 275 096	897 548	18 730 938
Revaluation	45 793	115 050 777	4 154 887	7 366 870	-	(420 822)	126 197 505
Depreciation for the year	(167)	(4 882 564)	(2 342 640)	(2 097 406)	-	(902 450)	(10 225 227)
As of December 31, 2023:							
Initial value	20 982 534	391 914 670	27 688 928	29 790 385	47 841 401	16 898 564	535 116 482
Accumulated depreciation	(2 705)	(180 119 412)	(10 637 819)	(7 302 293)	-	(7 831 146)	(205 893 375)
Residual value	20 979 829	211 795 258	17 051 109	22 488 092	47 841 401	9 067 418	329 223 107

The total area of land plots in the city of Kyiv is 62,4 thousand hectares, of which 15,9 thousand hectares (25,5%) have the right of ownership/use; 46,5 thousand hectares (74,5%) have no ownership/use rights registered.

Revaluation. In 2023, the revaluation concerned mainly the fixed assets of MC Kyiv Metropolitan (in 2022: MC Kyivpastrans).

8. Intangible Assets

Intangible assets are represented mainly by software, their movement is presented as follows:

Indicators, thousand UAH	2023	2022
As of January 1		
Initial value	965 302	895 950
Accumulated depreciation	(484 177)	(351 737)
Residual value	481 125	544 213
Additions, disposals, and other transfers	173 121	69 352
Depreciation for the year	(78 725)	(132 440)
As of December 31		
Initial value	1 138 423	965 302
Accumulated depreciation	(562 902)	(484 177)
Residual value	575 521	481 125

9. Advances for Fixed Assets

Advances for fixed assets related to the following:

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Development of the metropolitan	4 457 187	4 535 080
Construction of the Podil bridge crossing and collectors	2 187 457	592 182
Reconstruction of traffic junctions	280 823	-
Purchase of means of communication	161 196	-
Development of land transport	111 009	201 721
Advances for fixed assets , total	7 197 672	5 328 983

10. Inventories

Inventories were presented as follows:

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Production inventories	7 596 720	6 608 876
Construction in progress under construction contracts	1 104 545	871 653
Apartments and non-residential premises	1 026 234	247 758
Goods	263 841	578 788
Finished products	157 043	65 309
Work in progress	26 296	3 262
Inventories, total	10 174 679	8 375 646

About 40% of production inventories as of December 31, 2023 and 2022 belong to the healthcare segment.

11. Receivables from Exchange Transactions

Indicators, thousand UAH	December 31, 2023			December 31, 2022		
	Gross balance cost	Impairment provision	Gross balance cost	Gross balance cost	Impairment provision	Gross balance cost
Housing and utilities	15 691 263	(7 618 205)	8 073 057	17 071 616	(6 130 839)	10 940 777
Transport	165 284	(19 103)	146 181	158 297	(20 315)	137 982
Construction	133 204	(8 728)	124 477	145 044	(9 167)	135 877
Other segments	188 931	(3 099)	185 833	139 688	(1 958)	137 730
Total	16 178 682	(7 649 135)	8 529 548	17 514 645	(6 162 279)	11 352 366

Accounts receivable, after deducting the estimated provision for expected credit losses, is denominated in hryvnias, is interest-free and unsecured.

Changes in the provision for impairment of trade receivables:

Indicators, thousand UAH	2023	2022
As of January 1	6 162 279	4 711 055
Change of provision in the current period	1 486 856	1 451 224
As of December 31	7 649 135	6 162 279

12. Cash and Cash Equivalents

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Cash funds at the budget accounts of Kyiv	8 178 407	11 414 234
Treasury accounts	2 224 342	3 067 216
Current bank accounts	11 414 658	11 166 052
Short-term deposits	391 194	180 586
Cash on hand and in transit	13 216	13 542
Cash and cash equivalents, total	22 221 817	25 841 630

Analysis of cash and cash equivalents by credit quality is presented below based on the ratings of the international rating agency Fitch, if available, or ratings assigned by other international rating agencies converted to the closest equivalent on the Fitch rating scale as of December 31, 2023:

Indicators, thousand UAH	Bank accounts	Treasury accounts	Short-term deposits	Cash funds at the budget accounts of Kyiv	Other cash	Total
CCC-	3 325 803	2 224 342	385 186	8 178 407	277	14 114 015
without rating	8 088 855	-	6 008	-	12 939	8 107 802
Total	11 414 658	2 224 342	391 194	8 178 407	13 216	22 221 817

The Fitch Ratings agency confirmed the long-term default rating of the Kyiv issuer in foreign currency at the level of "CC", in the national currency - at "CCC-" in April 2023. Fitch Ratings confirmed the long-term default rating of the issuer of Ukraine in foreign currency at the level of CC and RDE in the national currency at the level of CCC- in December 2023.

13. Advances Issued

Accounts receivable for issued advances related to the following:

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Advances (property rights) for housing for certain categories of the population (Note 22)	1 450 291	-
Advances (property rights) of the Construction segment	1 883 689	718 937
Advances for energy resources, etc.	597 713	107 735
Other advances	190 896	77 330
Advances, total	4 122 589	904 002

14. Other Financial Assets

Other financial assets were presented as follows:

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Borrowings issued	510 355	6 686
Cash funds, the use of which is limited	388 535	170 790
Accrued interest on deposits and cash balances	97 815	84 399
Other financial assets, total	996 705	261 875

Borrowings issued are represented mainly by loans issued to JSC AK Kyivvodokanal for implementation of measures related to the prevention of an emergency situation of a man-made nature, for the purchase of materials to ensure the uninterrupted provision of centralized water supply and drainage services. The borrowings are interest-free, unsecured, repayment period – December 2024.

Cash, the use of which is limited, is mainly represented by funds received as tender security, funds in escrow accounts, etc.

15. Other Non-financial Assets

Indicators, thousand UAH	December 31, 2023	December 31, 2022
VAT on issued advances and tax credit	5 397 946	4 883 851
Other receivables	476 367	787 518
Expenses of future periods	112 079	167 141
Non-current assets held for sale	11 588	11 489
Other non-financial assets, total	5 997 980	5 849 999

Other receivables as of December 31, 2023 include receivables of the Transport segment in the amount of 1 445 936 thousand UAH recognized by a court decision, for which a 100% provision for expected credit losses was recognized at the same time (as of December 31, 2022 – zero).

16. Receivables from Non-exchange Transactions

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Accounts receivable to the budget of Kyiv for taxes	2 644 246	3 383 232
Overpayments to the budgets of municipal companies	749 367	609 527
Receivables from non-exchange transactions, total	3 393 613	3 992 759

17. Loans and Borrowings

This note provides information on the terms of debt obligations accounted for at amortized cost. Additional information on interest rate risk is presented in Note 36.

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Long-term part	5 974 636	6 380 027
Current part	1 267 413	1 303 966
Total	7 242 049	7 683 993

The conditions and terms of the debt obligations were as follows:

Indicators, thousand UAH	Currency	Interest rate type	Payment period	Interest rate (% per year)	December 31, 2023	December 31, 2022
Loan from the Ministry of Finance of Ukraine (i)	UAH	interest free	not defined	-	3 688 454	3 688 454
Domestic local loan bonds	UAH	floating	2024-2026	Main rate of NBU +5%	1 100 000	1 100 000
Loan from the Ukrainian State Bank (ii)	UAH	floating	2024-2028	Main rate of NBU +4,5%, but not more than 18%	942 703	1 239 396
Credit of the European Investment Bank (trams 20 units)	EUR	floating	2024-2038	1,2%-4,6%	906 688	603 930
Credit of the Northern Environmental Finance Corporation (NEFCO) (iii)	USD	floating	2024-2025	Euribor 6m +5,85%	49 685	73 673
Financial leasing (buses 200 units)	UAH	fixed	2023	11,5%	-	443 078
Loan	UAH	interest free	overdue	-	31 000	31 000
Penalty for late payment of debt by Kyiv City Council to the state budget	UAH	-	overdue	-	523 519	504 462
Total					7 242 049	7 683 993

(I) The loan from the Ministry of Finance of Ukraine was granted in 2009-2014 at the expense of the funds of the single treasury account on the terms of its return without accrual of interest for the use of these funds. Currently, the law (Budget Code of Ukraine) provides that the repayment of debt for medium-term loans (except the debt of the budgets of the Autonomous Republic of Crimea) to the state budget, which is registered in the Treasury of Ukraine, is not carried out until the legislative settlement of this issue.

(II) The loan from the Ukrainian State Bank was received for the following purposes: reconstruction of the zoo, tram line, waste landfill, construction and major repair of roads, major repair of the sports complex.

(III) Credit of the Northern Environmental Finance Corporation (NEFCO) was received for major repairs of heating stations and heating systems in public buildings.

The table below shows the analysis of debt obligations as of the reporting dates:

Indicators, thousand UAH	2023	2022
As of January 1	7 683 993	10 915 009
Receipts	254 882	233 659
Repayment	(786 669)	(4 881 502)
Accrued interests	552 193	630 487
Paid interests	(549 905)	(630 077)
Accrued penalty	19 057	347 481
Exchange rate differences	68 498	1 068 936
As of December 31	7 242 049	7 683 993

18. Provision for Actuarial Liabilities to Employees

Indicators, thousand UAH

As of January 1, 2022	846 824
The cost of current services recognized in the statement of financial results	28 761
Interest expenses recognized in the statement of financial results	105 768
Actuarial losses/(profit) recognized in other comprehensive income	(147 365)
Payments during the year	(76 542)
As of December 31, 2022	757 446
The cost of current services recognized in the statement of financial results	28 899
Interest expenses recognized in the statement of financial results	137 520
Actuarial losses/(profit) recognized in other comprehensive income	6 628
Payments during the year	(94 541)
As of December 31, 2023	835 952

19. Liabilities under Construction Contracts

Liabilities under construction contracts are represented mainly by obligations to external investors for construction works on construction of residential buildings, as well as on the reconstruction of Poshtova Square and European Square.

20. Accounts Payable for Exchange Transactions

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Housing and utilities (for energy resources and others)	23 893 644	22 132 065
Transport and transport infrastructure (for fixed assets and services)	768 083	839 362
Accounts payable of other segments	517 723	925 063
Accounts payable for goods, work, services, total	25 179 450	23 896 490

As of December 31, 2023 and December 31, 2022 trade payables are interest-free and are repaid in the course of the City's normal operations, denominated in hryvnias. The fair value of trade payables is approximately equal to its balance cost.

21. Advances Received

Payable for advances received was related to the following:

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Housing and utilities (for communal services)	660 404	1 193 179
Construction (for the construction of residential buildings)	902 295	1 060 790
Prepayments of other segments	99 651	187 276
Advances received, total	1 662 350	2 441 245

22. Liabilities for Non-exchange Transactions

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Accounts payable for taxes paid in advance to the budget of Kyiv	1 607 933	2 515 860
Accounts payable of the Group companies to the budget	722 368	682 993
Liabilities for non-exchange transactions, total	2 330 301	3 198 853

23. Liabilities for Social Benefits

Liabilities are represented by obligations to transfer housing to certain categories of the population. In order to purchase housing in 2023, contracts were concluded and advances were transferred for the purchase of 54 apartments (property rights) for orphans, children deprived of parental care and 624 apartments (property rights) for combatants and their family members, families of the dead participants of the anti-terrorist operation, defenders of Ukraine. Corresponding receivables for advances issued are reflected in the line Advances issued in the Statement of Financial Position.

24. Current Provisions

Structure, movement and balance cost of current assets:

Indicators, thousand UAH	Provisions for execution of court decisions	Provision for unused vacations	Other	Total
Balance value as of January 01, 2022	617 997	874 831	20 067	1 512 895
Accrued in the current year	4 858	760 675	37 833	803 366
Written-off at the expense of the provision	(2 559)	(553 646)	(25 088)	(581 293)
Balance value as of December 31, 2022	620 296	1 081 860	32 812	1 734 968
Accrued in the current year	468 493	1 060 789	50 300	1 579 582
Written-off at the expense of the provision	(4 618)	(749 552)	(39 352)	(793 522)
Balance value as of December 31, 2023	1 084 171	1 393 097	43 760	2 521 028

Provisions for execution of court decisions were created mainly in the Transport segment in the amount of 491 828 thousand UAH and Housing and utilities segment in the amount of 580 776 thousand UAH.

25. Other Current Non-financial Liabilities

Indicators, thousand UAH	December 31, 2023	December 31, 2022
VAT according to the cash method, according to advances issued	3 315 491	2 775 776
Accounts payable for payment of labor	369 332	271 681
Other current non-financial liabilities	89 590	200 792
Other current non-financial liabilities, total	3 774 413	3 248 249

INCOME

26. Taxes

Indicators, thousand UAH	2023	2022
Income tax	37 633 806	31 409 885
Single tax	13 883 946	11 384 034
Corporate income tax	7 568 827	6 898 598
Property taxes	5 381 141	6 015 550
Excise tax	3 159 188	1 988 224
Other taxes and fees	(126 377)	288 180
Income from taxes, total	67 500 531	57 984 471

27. State Transfers

Indicators, thousand UAH	2023	2022
General fund		
Educational subvention	5 417 800	5 588 883
Subvention for the payment of monetary compensation for adequate living quarters for internally displaced persons who defended the independence, sovereignty and territorial integrity of Ukraine and who need to improve living conditions	757 332	-
Subvention for the payment of monetary compensation for suitable living quarters for the families of fallen (dead) Defenders of Ukraine, for persons with disabilities of groups I - II as a result of the war and who need to improve living conditions	267 115	-
Subvention from the state budget to local budgets to support individual institutions and activities in the health care system	126 715	212 065
Subvention for the payment of monetary compensation for suitable living quarters for the families of deceased (dead) war veterans on the territory of other states, for persons with disabilities of groups I - II from among the participants in hostilities on the territory of other states and who need improvement of living conditions	74 969	-
Additional subvention from the state budget to local budgets to compensate for the loss of income of local budgets as a result of the tax benefits provided by the state for the payment of land tax to subjects of space activities and aircraft construction	69 570	81 037
Subvention for provision of safe conditions in institutions of general secondary education	59 331	-
Subvention from the state budget to local budgets for the provision of state support to persons with special educational needs	16 891	23 273
Subvention for creation of a network of specialized support services for persons who have suffered from domestic violence and/or gender-based violence	5 177	-
Subvention from the state budget to local budgets for design, construction and repair works, purchase of housing and premises for the development of family and other forms of education close to family, support of small group homes and provision of housing for orphans, children deprived of parental care, persons from their numbers	760	273
Subvention on the implementation of certain measures for the implementation of the social project Active parks - locations of a healthy Ukraine	264	-
Subvention to ensure the urgent needs of the functioning of the state in conditions of martial law	-	466 621
Special fund		
Subvention 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	1 602 299	738 986
Subvention for design, restoration, construction, modernization, arrangement, repair of construction objects of public purpose, social sphere, cultural heritage, housing and utilities, other objects that have an impact on the life of the population	114 426	-
State subventions and dotation, total	8 512 649	7 111 138

28. Grants and Charitable Contributions of Third Parties

Indicators, thousand UAH	2023	2022
Charitable contributions in cash and in natural form to municipal companies from other parties	635 052	975 471
Charitable contributions, grants and gifts to budget institutions	472 725	552 208
Free received buses and wagons from European countries	378 695	-
Grants (gifts) received by the budgets of all levels from the European Union, foreign governments, international organizations, donor institutions	9 996	129 202
Grants and charitable contributions, total	1 496 468	1 656 881

29. Administrative Fees and Charges

Indicators, thousand UAH	2023	2022
Fees for licenses in the field of gambling, lotteries	266 600	-
Fees for licenses for other types of activities	205 452	193 327
Other administrative service fees	320 468	280 759
State custom duties	38 595	36 865
Administrative fees and charges, total	831 115	510 951

30. Income from Sale of Goods, Works and Services

Indicators, thousand UAH	2023	2022
Income of municipal companies	43 799 552	44 809 344
Income of budget institutions	1 646 608	1 321 357
Total	45 446 160	46 130 701

Revenue from sales of municipal companies by segments is presented as follows:

Indicators, thousand UAH	2023	2022
Housing and utilities	26 660 027	28 075 550
Health Care	11 529 810	11 926 449
Transport, road facilities	2 448 712	1 771 669
Other economic activity	1 630 370	1 426 787
Construction	427 212	1 102 418
Mental and physical development	354 323	144 655
Ecology and other natural resources	320 089	81 386
Education	211 981	133 479
Communication, telecommunications and informational technologies	175 481	122 083
Revenue of other segments	41 547	24 868
Income from sales of municipal companies, total	43 799 552	44 809 344

Revenue from sales of budget institutions by types is presented as follows:

Indicators, thousand UAH	2023	2022
Proceeds from fees for services provided by budget institutions in accordance with their main activity	1 295 716	885 193
Proceeds received by budget institutions from enterprises, organizations, individuals and other budget institutions for the implementation of targeted events	182 847	329 109
Proceeds to the trust funds established by the local council	65 582	56 244
Proceeds of budget institutions from additional (economic) activity	59 129	40 357
Other income from exchange transactions of budget institutions	43 334	10 454
Income from sales of budget institutions, total	1 646 608	1 321 357

31. Income from Sale of Non-current Assets

Indicators, thousand UAH	2023	2022
Sales of land plots	319 273	271 327
Sales of other property	81 921	116 419
Income from the sale of non-current assets, total	401 194	387 746



EXPENSES

32. Operating Expenses

Operating expenses of the City by segments are disclosed as follows:

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	45 158 156	42 135 081
Material expenses	28 347 005	31 084 609
Depreciation	10 344 231	9 157 519
Services of the third parties (apart from repair)	7 160 886	3 953 747
Current and capital repair and maintenance expenses	5 798 508	4 223 685
Water, heating, electricity and other utilities	5 052 293	3 274 401
Social security benefits	4 867 355	1 617 776
Provision for doubtful debts	1 486 857	1 451 224
Purchase of housing for certain segments of the population	1 450 291	279 918
Provision for court cases	458 565	-
Taxes and fees (except related to salary)	368 793	455 005
Other expenses	1 336 505	1 105 249
Total	111 829 445	98 738 214

Notes 32.1-32.12 present the disclosure of the City's operating expenses by business segments and by elements.

32.1. Housing and Utilities

Indicators, thousand UAH	2023	2022
Material expenses	19 122 852	22 863 065
Payroll and salary related charges	5 115 481	4 599 794
Current and capital repair and maintenance expenses	2 290 557	815 301
Services of the third parties (apart from repair)	1 673 156	1 017 792
Water, heating, electricity and other utilities	1 493 194	919 404
Provision for doubtful debts	1 484 267	1 451 224
Depreciation	1 433 997	1 604 644
Provision for court cases	492 977	-
Taxes and fees (except related to salary)	228 161	156 513
Social security benefits	6 345	6 278
Other expenses	385 583	219 972
Total	33 726 570	33 653 987

32.2. Education

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	16 380 963	16 037 609
Current and capital repair and maintenance expenses	1 663 106	1 461 719
Water, heating, electricity and other utilities	1 525 579	1 268 170
Services of the third parties (apart from repair)	1 432 968	1 128 905
Depreciation	1 209 153	1 144 982
Material expenses	1 085 337	576 989
Social security benefits	178 129	187 990
Other expenses	14 602	10 317
Total	23 489 837	21 816 681

32.3. Health Care

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	10 516 726	10 355 625
Material expenses	4 252 550	3 131 162
Depreciation	1 610 844	1 351 678
Services of the third parties (apart from repair)	1 408 470	714 887
Current and capital repair and maintenance expenses	910 462	951 689
Water, heating, electricity and other utilities	345 101	314 142
Taxes and fees (except related to salary)	4 203	-
Social security benefits	165	182
Other expenses	265 340	259 556
Total	19 313 861	17 078 921

32.4. Transport, Road Facilities

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	5 097 666	4 214 643
Depreciation	4 720 049	3 878 847
Material expenses	1 905 815	1 656 034
Water, heating, electricity and other utilities	1 380 738	549 183
Services of the third parties (apart from repair)	1 003 957	359 607
Current and capital repair and maintenance expenses	660 381	317 179
Taxes and fees (except related to salary)	3 375	298 492
Provision for doubtful debts	(15 824)	-
Provision for court cases	(34 412)	-
Other expenses	134 266	236 566
Total	14 856 011	11 510 551

32.5. Social Care and Social Benefits

Indicators, thousand UAH	2023	2022
Social security benefits	3 452 344	1 334 202
Purchase of housing for certain segments of the population	1 450 291	279 918
Capital transfers to the population	1 202 374	48 868
Payroll and salary related charges	1 357 614	1 304 800
Services of the third parties (apart from repair)	301 685	259 782
Material expenses	249 683	165 604
Water, heating, electricity and other utilities	97 438	85 006
Depreciation	70 452	64 090
Current and capital repair and maintenance expenses	-	161 409
Other expenses	79 539	721
Total	8 261 420	3 704 400

32.6. Mental and Physical Development

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	1 924 875	1 552 587
Services of the third parties (apart from repair)	376 938	97 349
Depreciation	273 459	233 231
Material expenses	135 197	91 168
Water, heating, electricity and other utilities	89 959	50 661
Social security benefits	27 998	40 256
Current and capital repair and maintenance expenses	19 489	132 337
Taxes and fees (except related to salary)	5 069	-
Other expenses	152 165	35 793
Total	3 005 149	2 233 382

32.7. Governance

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	2 202 590	2 064 309
Services of the third parties (apart from repair)	214 890	166 401
Current and capital repair and maintenance expenses	141 030	-
Material expenses	83 869	309 965
Water, heating, electricity and other utilities	64 781	57 931
Depreciation	49 169	40 548
Other expenses	18 539	29 425
Total	2 774 868	2 668 579

32.8. Ecology and Natural Resources Protection

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	1 202 022	983 322
Depreciation	344 576	240 472
Material expenses	262 511	150 960
Services of the third parties (apart from repair)	101 496	4 655
Current and capital repair and maintenance expenses	34 786	-
Provision for doubtful debts	19 255	-
Water, heating, electricity and other utilities	13 069	174
Taxes and fees (except related to salary)	641	-
Other expenses	2 770	64 089
Total	1 981 126	1 443 672

32.9. Other Economic Activity

Indicators, thousand UAH	2023	2022
Material expenses	1 088 495	1 471 471
Payroll and salary related charges	357 769	311 303
Services of the third parties (apart from repair)	141 864	70 168
Depreciation	61 180	60 985
Water, heating, electricity and other utilities	22 813	13 821
Current and capital repair and maintenance expenses	19 377	2 758
Taxes and fees (except related to salary)	7 233	-
Other expenses	140 034	95 502
Total	1 838 765	2 026 008

The category of material expenses of this segment mainly consists of the initial cost of pharmaceutical products sold through the network of municipal pharmacies.

32.10. Communication, Telecommunications and Informational Technologies

Indicators, thousand UAH	2023	2022
Depreciation	516 901	493 108
Payroll and salary related charges	364 200	321 093
Services of the third parties (apart from repair)	356 929	118 270
Taxes and fees (except related to salary)	113 950	-
Current and capital repair and maintenance expenses	57 636	53 312
Water, heating, electricity and other utilities	17 662	15 324
Expenses for other materials	13 296	15 051
Provision for doubtful debts	(841)	-
Other expenses	20 960	47 096
Total	1 460 693	1 063 254

32.11. Security and Defense

Indicators, thousand UAH	2023	2022
Payroll and salary related charges	534 817	296 511
Depreciation	34 654	24 315
Material expenses	33 227	24 692
Services of the third parties (apart from repair)	12 214	9 213
Current and capital repair and maintenance expenses	1 171	10 802
Total	616 083	365 533

32.12. Construction

Indicators, thousand UAH	2023	2022
Services of the third parties (apart from repair)	136 319	6 718
Material expenses	114 173	628 448
Payroll and salary related charges	103 433	93 485
Depreciation	19 797	20 619
Taxes and fees (except related to salary)	6 161	-
Water, heating, electricity and other utilities	1 959	585
Current and capital repair and maintenance expenses	513	317 179
Other expenses	122 707	106 212
Total	505 062	1 173 246

33. Transfers to Other Budgets

Indicators, thousand UAH	2023	2022
Subvention from the local budget to the state budget for the implementation of regional socio-economic development programs	4 724 160	829 791
Subvention from the local budget to the state budget for the transfer of funds in conditions of martial law or for the implementation of general mobilization measures in accordance with the law and with the aim of repelling the armed aggression of the Russian Federation against Ukraine and ensuring national security, eliminating the threat of danger to the state independence of Ukraine, its territorial integrity	1 380 000	-
Other dotation from the local budget	10 000	421 456
Total	6 114 160	1 251 247

34. Financial Income

Indicators, thousand UAH	2023	2022
Interest income on cash balances and deposits	1 313 936	592 009
Total	1 313 936	592 009

35. Financial Expenses

Indicators, thousand UAH	2023	2022
Interest expenses	552 193	630 487
Losses from exchange rate differences on debt liabilities	68 498	1 068 936
Penalty for late repayment of a loan to the state budget	19 057	347 481
Expenses for discounting liabilities under actuary plans	137 520	105 768
Depreciation of discount on long-term debt	48 485	92 379
Total	825 753	2 245 051

36. Financial Instruments and Financial Risk Management

Financial instruments of the City as of the reporting dates were presented as follows (all at amortized cost):

Indicators, thousand UAH	December 31, 2023	December 31, 2022
Financial assets (current and non-current)		
Cash and cash equivalent	22 221 817	25 841 630
Accounts receivable for exchange transactions	8 551 492	11 631 729
Other financial assets	996 705	261 875
Financial assets, total	31 770 014	37 735 234
Financial liabilities (current and non-current)		
Credits and loans	7 242 049	7 683 993
Accounts payable for exchange transactions	25 179 450	23 896 490
Financial liabilities, total	32 421 499	31 580 483

The City's policy does not provide for trading of financial instruments. The City did not participate in transactions using derivative financial instruments.

The City is characterized by credit risk, liquidity risk and market risk. The overall risk management program is focused on unpredictability and inefficiency of the financial market of Ukraine and is aimed at reducing its potential negative impact on the City's financial condition.

Market risk. Market risk is the risk that the fair value of a financial instrument's future cash flows will fluctuate due to changes in market prices. Market risk consists of three types of risks: interest rate risk, currency risk and other price risks. The City is mainly exposed to currency risk and liquidity risk.

Foreign currency risk – is the risk that the cost of a financial instrument will fluctuate due to changes in exchange rates. The City's risk related to exchange rate changes primarily is related to the City's financial activity (when debt obligations are denominated in foreign currencies). Financial liabilities denominated in foreign currencies are represented by the credit received from the European Investment Bank and the Nordic Environment Finance Corporation (Note No. 17).

The table below presents the sensitivity of the City's surplus to a likely change in exchange rates, with all other variables held constant. The sensitivity analysis was prepared based on the assumption that the share of financial instruments in foreign currency is a constant value on the reporting dates:

Indicators, thousand UAH	Increase/(decrease) of profit	
	December 31, 2023	December 31, 2022
USD strengthening by 30%	(14 906)	(22 102)
USD weakening by 10%	4 969	7 367
EUR strengthening by 30%	(272 006)	(181 179)
EUR weakening by 10%	90 669	60 393

Interest rate risk - is a probability of losses or additional expenses due to the influence of adverse changes in interest rates. The change in interest rates has an impact on the financial and economic condition of the City due to the corresponding variable cost of borrowing. Interest rates on most debt obligations are floating (Note 17).

The following table presents an analysis of sensitivity to the risk of changes in interest rates. The used level of changes in interest rates, multiplied by the value of financial liabilities, represents the expected level of impact on profit/(loss) and capital.

Indicators, thousand UAH	As of December 31, 2023		As of December 31, 2022	
	Interest rate +5%	Interest rate -5%	Interest rate +5%	Interest rate -5%
Net impact on profit/(loss) and capital	(362 102)	362 102	(384 200)	384 200

Liquidity risk

Liquidity risk is the risk that the City will not be able to fulfill its obligations as they fall due. Approach of the City 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.

The following tables show the liabilities of the city as at December 31, 2023 and 2022 by their remaining contractual maturity. The amounts disclosed in the 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.

The table below provides undiscounted financial liabilities as of December 31, 2023:

Indicators, thousand UAH	Up to 1 year	From 1 to 5 years	More than 5 years	Undefines term	Total
Credits and loans	1 662 662	2 100 010	671 220	3 688 454	8 122 346
Payables for exchange transactions	25 005 430	174 020	-	-	25 179 450
Total	26 668 092	2 274 030	671 220	3 688 454	33 301 796

The table below provides undiscounted financial liabilities as of December 31, 2022:

Indicators, thousand UAH	Up to 1 year	From 1 to 5 years	More than 5 years	Undefines term	Total
Credits and loans	1 867 413	2 942 549	522 620	3 688 454	9 021 036
Payables for exchange transactions	23 620 774	275 716	522 620	-	24 419 110
Total	25 488 187	3 218 265	1 045 240	3 688 454	33 440 146

Credit risk

Credit risk is the risk of financial loss of the City in case of non-performance by customers or parties of financial instruments of their obligations under the contract. This risk is mainly related to investments, receivables, cash and 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, 2023	December 31, 2022
Cash and cash equivalents	22 221 817	25 841 630
Receivables for exchange transactions	8 529 548	11 352 366
Other financial assets	996 705	261 875
Long-term receivables	21 944	279 363
Maximum exposure to credit risk	31 770 014	37 735 234

37. Fair Value of Financial Instruments

As of December 31, 2023 and December 31, 2022 the Management estimated that the fair value of cash and deposits with terms, trade and other receivables, other current financial assets, other non-current financial liabilities, trade and other payables was approximately equal to their fair value due to the short maturity of these instruments.

38. Segment Information

Operating segments are components of an organizations that engage in commercial activities from which the organization may receive 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 companies.

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

Segments are managed by the Management of the Kyiv City State Administration.

Information by segments for 2023 is represented below:

Indicators, thousand UAH	Budget of the city of Kyiv	Housing and Utilities	Healthcare	Transport and Transport Infrastructure	Education	
Income						
Revenues from external sources	78 328 822	26 660 027	13 110 312	3 444 958	211 981	
Budget transfers recognized as income	-	1 763 991	3 646 666	11 250 237	864 858	
Budget allocations	(36 796 794)	1 616 367	946 337	38 381	21 505 706	
Operating Income, total	41 532 028	30 040 385	17 703 315	14 733 576	22 582 545	
Expenses						
Labor expenses	-	(5 115 481)	(10 516 726)	(5 097 666)	(16 380 963)	
Depreciation	-	(1 433 997)	(1 610 844)	(4 720 049)	(1 209 153)	
Other expenses	(6 114 160)	(27 435 944)	(7 186 291)	(5 038 295)	(5 899 721)	
Transfers to the municipal companies	(35 028 873)	-	-	-	-	
Operating Expenses, total	(41 143 033)	(33 985 422)	(19 313 861)	(14 856 010)	(23 489 837)	
Segment assets	12 005 675	49 287 425	31 375 758	232 026 410	28 696 019	
Segment operating liabilities	(2 226 666)	(36 647 191)	(9 361 906)	(45 930 630)	(659 791)	
Segment debt liabilities	(5 731 156)	(406 668)	-	(937 688)	-	

* *Reclassification of liabilities of the companies recognized in their individual financial statements for received budget transfers, which remained unused or will be recognized as income in future periods. In the consolidated financial statements such amounts are reclassified as part of the accumulated surplus, as they are the result of intragroup transactions and do not correspond to the definition of the City's liabilities according to the IPSAS.*

Information by segments for 2022 is represented below:

Indicators, thousand UAH	Budget of the city of Kyiv	Housing and Utilities	Healthcare	Transport and Transport Infrastructure	Education	
Income						
Revenues from external sources	66 399 343	28 412 508	13 077 149	1 771 776	696 490	
Budget transfers recognized as income	-	3 241 350	2 363 710	9 237 109	5 856	
Budget allocations	(28 565 675)	156 206	380 251	-	20 184 820	
Operating Income, total	37 833 668	31 810 064	15 821 110	11 008 885	20 887 166	
Expenses						
Labor expenses	-	(4 599 794)	(10 355 625)	(4 214 643)	(16 037 609)	
Depreciation	-	(1 604 644)	(1 351 678)	(3 878 847)	(1 144 982)	
Other expenses	(1 251 247)	(27 670 069)	(5 371 620)	(3 417 060)	(4 634 089)	
Transfers to the municipal companies	(22 976 067)	-	-	-	-	
Operating Expenses, total	(24 227 314)	(33 874 507)	(17 078 923)	(11 510 550)	(21 816 680)	
Segment assets	15 982 511	48 413 285	29 720 080	100 117 735	28 918 637	
Segment operating liabilities	(3 132 193)	(33 362 041)	(8 435 095)	(44 883 005)	(551 499)	
Segment debt liabilities	(6 027 850)	(172 904)	-	(1 078 008)	-	

* *Reclassification of liabilities of the companies recognized in their individual financial statements for received budget transfers, which remained unused or will be recognized as income in future periods. In the consolidated financial statements such amounts are reclassified as part of the accumulated surplus, as they are the result of intragroup transactions and do not correspond to the definition of the City's liabilities according to the IPSAS.*

	Other Economic Activity	Construction	Other segments	Total before consolidation	Elimination	Reclassification of liabilities*	Consolidated
	1 630 370	427 212	990 121	124 803 803	-	-	124 803 803
	76 279	70 956	4 523 383	22 196 370	(22 196 370)	-	-
	173 670	-	12 516 333	-	-	-	-
	1 880 319	498 168	18 029 837	147 000 173	(22 196 370)	-	124 803 803
	(357 769)	(103 433)	(7 586 118)	(45 158 156)	-	-	(45 158 156)
	(61 180)	(19 797)	(1 289 211)	(10 344 231)	-	-	(10 344 231)
	(1 419 818)	(381 833)	(9 224 009)	(62 700 071)	-	-	(62 700 071)
	-	-	-	(35 028 873)	35 028 873	-	-
	(1 838 767)	(505 063)	(18 099 338)	(153 231 331)	35 028 873	-	(118 202 458)
	2 005 726	14 712 570	25 294 600	395 404 183	(2 936 915)	-	392 467 267
	(226 616)	(10 174 918)	(8 509 690)	(113 737 408)	2 936 915	72 433 052	(38 367 441)
	-	-	(524 134)	(7 599 646)	-	-	(7 599 646)

	Other Economic Activity	Construction	Other segments	Total before consolidation	Elimination	Reclassification of liabilities*	Consolidated
	1 893 485	1 177 200	723 381	114 151 332	-	-	114 151 332
	74 180	7 434	3 326 173	18 255 812	(18 255 812)	-	-
	37 994	-	7 806 404	-	-	-	-
	2 005 659	1 184 634	11 855 958	132 407 144	(18 255 812)	-	114 151 332
	(311 303)	(93 485)	(6 522 623)	(42 135 082)	-	-	(42 135 082)
	(60 985)	(20 619)	(1 095 765)	(9 157 520)	-	-	(9 157 520)
	(1 653 720)	(1 059 142)	(3 860 432)	(48 917 379)	-	-	(48 917 379)
	-	-	-	(22 976 067)	22 976 067	-	-
	(2 026 008)	(1 173 246)	(11 478 820)	(123 186 048)	22 976 067	-	(100 209 981)
	2 050 473	12 707 526	22 468 426	260 378 673	(3 189 151)	-	257 189 522
	(300 367)	(8 622 976)	(7 677 697)	(106 964 873)	3 189 151	67 589 933	(36 185 789)
	-	-	(505 361)	(7 784 123)	-	-	(7 784 123)

39. Events After the Reporting Date

As of the date of approval of the financial statements, the full-scale armed aggression of the Russian Federation against Ukraine continues. Along with this, thanks to the support of Ukraine's strategic partners, the stability of the Armed Forces of Ukraine and other security and defense forces, the City is recovering for the second year in a row in most spheres of economic activity, which has a positive effect on the general social condition of the City. This is due to the City's stronger economic position and availability of highly qualified personnel, as well as the fact that the City suffered relatively less damage from the war than other regions of the country.

In April 2024 the Kyiv City Council approved changes to the budget of the City of Kyiv for 2024 and the Program of Economic and Social Development of the City of Kyiv for 2024-2026 (in part of 2024), which are related to the need to take into account the balance of unused subvention funds from of the State Budget of Ukraine and remaining budget funds at the beginning of 2024, in particular, those directed to capital expenditures and support of security and defense forces.

Thus, the operational activities of the City continue, the agreed programs for the development, improvement of engineering, transport and social infrastructure, beautification and support of the life of the City are carried out, in particular, the construction, reconstruction and major repairs of objects of transport, engineering and residential infrastructure, education, health care and social purposes, etc.

As of the date of approval of the financial statements, the assessment of the damage caused by the war to the City continues. Given the significant military risks, the City does not disclose sensitive information regarding military losses. Also, work continues on the restoration and capital repair

of housing and real estate objects of communal ownership of the City, which were damaged as a result of missile attacks and shelling by the Russian Federation. Herewith, as of the date of approval of the financial statements, there are no objects critically important for ensuring the life of the City, which have significant damage.

Along with this, due to the continuation of military actions in the territory of Ukraine, the City is under constant shelling and the risk of a repeated attack, which may lead to unforeseen consequences both for the City's economy and for the activities of the City authorities in providing the population with vital services. In particular, the City's social infrastructure (housing fund, health care, social protection, education institutions) is under a significant load due to the increase in the number of persons with disabilities and internally displaced persons who need support and assistance; the public transport companies of the city and the thermal power industry continue to suffer losses due to the non-compliance of tariffs with an economically justified level and a moratorium on their increase, in addition, public transport companies record losses due to forced downtime during air alerts.

During the preparation of these financial statements, no events were identified that could affect the indicators of the financial statements and could require changes to the provided information, that is, which would qualify as corrective events in accordance with the requirements of the IFRS. The City will continue to investigate the events and will reflect the changes in the financial statements and disclose them in the Notes if appropriate.

There are no other events after the balance sheet date that must be reported in accordance with the requirements of the Conceptual Framework.



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