

**CONSOLIDATED FINANCIAL INFORMATION**  
of Special Purpose concerning the group of  
enterprises, institutions and organizations of the  
municipal property of the territorial community  
**of the city of Kyiv for 2019**



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# DESCRIPTION OF THE APPROACH TO THE PREPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION FOR SPECIAL PURPOSE OF THE CITY OF KYIV FOR 2019 YEAR

The Consolidated Financial Information for Special Purpose for the group of enterprises, institutions and organizations of municipal property of the Kyiv city territorial community as of December 31, 2019 (hereinafter referred to as the «Consolidated Financial Information Special Purpose») includes 1 903 enterprises, institutions and organizations (as of December 31, 2018 included 1 908 enterprises, institutions and organizations (Note 1). The main forms of the Consolidated Financial Information for Special Purpose include data on all 1 903 enterprises, institutions and organizations. In case of technical

limitations we provide detailed information on the 109 largest enterprises, institutions and organizations disclosed in the notes (information on 104 largest enterprises, institutions and organizations was disclosed in the Special Purpose Consolidated Financial Information as of December 31, 2018). The information about other enterprises, institutions and organizations of the City is disclosed in the notes on the line «Others».

The audit of the special purpose consolidated financial information as of December 31, 2019 was not conducted.

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

1. The major part of land of Kyiv city (hereinafter referred to as the City) in the Special Purpose Consolidated Financial Information is accounted for a value equal to zero, as there is no reliable estimate of the fair value of the relevant land fund. The total area of Kyiv City's land and the existing limitations regarding land accounting are disclosed in Note 6.

2. A part of entities of Kyiv did not perform revaluation of their property, plant and equipment as at December 31, 2019 and December 31, 2018; therefore, the fair value of property, plant and equipment, which should be represented at fair value according to the accounting policies, may differ significantly from the carrying amount disclosed herein. In addition, a part of Kyiv city's entities did not perform the analysis on whether the objective evidence of impairment exists and, in case of need, did not perform the impairment test of the construction in progress, property, plant and equipment, intangible assets and inventories as at December 31, 2019 and December 31, 2018.

3. A part of the enterprises of Kyiv as of 31 December 2019 did not allocate investment property objects from the fixed assets and did not carry out their revaluation at fair value. Respectively, the fair value of investment property, which is carried at fair value in accordance with accounting policies, may differ materially from its carrying amount specified in the Consolidated statement of Financial Status.

4. Due to technical constraints, some intercompany balances and transactions were not eliminated during consolidation, not all non-cash income and

expenses were identified and netted-off in full in the Special Purpose Consolidated Financial Information.

5. Some entities of the City do not calculate and do not recognize in full size:

- Deferred tax liabilities / deferred tax assets;
- Provisions for litigation;
- Provisions for unused vacation;
- Bonus accruals;
- Guarantee accruals;
- Post-employment benefit plan liabilities;
- Provisions for land rehabilitation;
- Financial instruments at amortized cost.

6. Some entities in the Kyiv city account at the balance sheet the property that was privatized and not owned by the City at December 31, 2019 and December 31, 2018. A part of such assets was identified during the preparation of the Special Purpose Consolidated Financial Information and excluded from the value of the property, plant and equipment of the City.

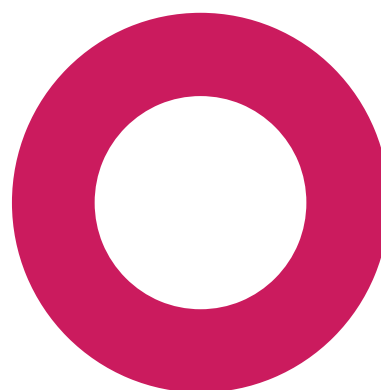
7. As some of the City entities did not prepare detailed final information for the disclosure of separate notes during 2017 and 2018 and, as of 31 December 2018 and 2019, the possibility of comparing these items for 31 December 2019 and the year, which ended on this date, with the corresponding financials for the previous period, is limited.

8. Notes to the Special Purpose Consolidated Financial Information, in particular notes 22 «Other Current Liabilities», 24 «Local Taxes and Charges to the General Fund» and 31 «Subventions (the Special

Fund)» are prepared for the presentation of financial information based on the requirements of IPSAS.

9. Due to technical limitations, certain disclosures required by IPSAS were not prepared:

- Application of new or revised standards and interpretations and their impact on the Special Purpose Consolidated Financial Information;
- Critical accounting estimates and judgments used in applying accounting policies for:
  - Recognition of revenue from non-exchange transactions;
  - Valuation of property, plant and equipment and investment property;
- Reconciliation of net cash flows to the consolidated financial results;
- Purposes, policies and methods of credit risk management;
- Concentration of credit risk;
- Categories of assets pledged as collateral;
- Information on the amount of fully amortized property, plant and equipment;
- Disclosure of the fair value measurement model for the financial instruments classified as Level 3;
- Incomes, expenses and results from transactions with financial instruments according to accounting categories;
- Disclosure of information about liabilities concerning the retirement plans;
- Operations with related parties, except operations with management personnel;
- Disclosures on construction contracts;
- Disclosures on operating lease;
- Disclosures on contingent liabilities and commitments for acquisition and construction of property, plant and equipment;
- Segment information according to IPSAS.





# THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019

*In thousands of Ukrainian hryvnias*

	Note	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	6	139 105 822	119 584 567
Investment Property	7	771 741	2 039 469
Intangible assets	8	799 021	576 190
Investments accounted for using equity method	9	-	-
Available-for-sale investments		19 586	19 889
Deferred tax assets		4 328	3 511
Long-term receivables from exchange transactions	10	761 643	330 700
Other non-current assets	14	4 101 681	2 740 979
<b>Total non-current assets</b>		<b>145 563 822</b>	<b>125 295 305</b>
<b>Current assets</b>			
Stocks	11	3 896 589	13 382 219
Current receivables from exchange transactions	10	13 269 409	12 519 507
Receivables from non-exchange transactions	12	2 957 692	1 959 212
Receivables of entities on taxes		13 215	16 150
Deferred expenses		47 933	72 590
Current financial investments		-	8 396
Cash and cash equivalents	13	5 023 638	4 487 752
<b>Total current assets</b>		<b>25 208 476</b>	<b>32 445 826</b>
<b>TOTAL ASSETS</b>		<b>170 772 298</b>	<b>157 741 131</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowing	15	5 392 195	9 236 402
Deferred tax liabilities		6 061 105	5 071 954
Long-term provisions	16	678 762	785 715
Other non-current liabilities	17	34 256 078	22 562 023
Deferred income	18	10 875 441	6 923 657
<b>Total non-current liabilities</b>		<b>57 263 581</b>	<b>44 579 751</b>
<b>Current liabilities</b>			
Short-term borrowing	15	6 000 352	9 052 827
Payables under exchange transactions	19	7 527 044	9 946 632
Taxes and transfers payables	20	370 464	428 714



<i>In thousands of Ukrainian hryvnias</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Payments received in advance from non-exchange transactions		2 240 238	2 542 097
Current provisions	21	1 608 386	1 530 937
Other current liabilities	22	3 074 791	3 650 036
<b>Total current liabilities</b>		<b>20 821 275</b>	<b>27 151 243</b>
<b>TOTAL LIABILITIES</b>		<b>78 084 856</b>	<b>71 730 994</b>
<b>Net assets</b>			
Accumulated surplus		32 840 904	46 946 297
Revaluation reserve		59 846 538	38 558 102
Minority interest		-	505 738
<b>Total net assets</b>		<b>92 687 442</b>	<b>86 010 137</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>170 772 298</b>	<b>157 741 131</b>

## THE CONSOLIDATED STATEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED ON DECEMBER 31, 2019

<i>In thousands of Ukrainian hryvnias</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Income</b>			
<i>General fund</i>			
Personal income tax		22 959 410	18 577 582
Corporate income tax		5 501 862	3 702 215
Subventions and grants	23	12 217 557	13 513 775
Local taxes and charges to the General fund	24	14 056 403	11 111 908
Excise taxes on excisable goods sold by business entities		1 896 782	1 732 730
Administrative fees and charges, income from non-commercial business activities	25	641 386	659 740
Duties and fees for the special use of natural resources	26	47 135	52 918
Other non-tax proceeds and other budget revenues	27	28 765	55 830
Other taxes and charges		86	38
<i>Income from capital transactions</i>		33 637	25 414
<i>Special fund</i>			
Revenue from exchange transactions of budget institutions	28	3 808 403	3 548 128
Taxes and other charges to Special fund	29	-	248 342
Other non-tax proceeds	30	287 940	486 476
Subventions (the Special Fund)	31	1 470 910	1 882 644
Special Purpose Funds		319 045	303 053
Funds from sales of land, intangible assets and from privatization		113 685	237 505
Revenue from services rendered		7 010	23 227

*In thousands of Ukrainian hryvnias*

	Note	2019	2018
Environmental tax	29	36 416	42 157
Revenue from exchange transactions of municipal and corporate enterprises	32	32 566 260	23 095 183
Other income of budget, communal and corporate entities	33	5 613 914	6 216 396
Financial income of municipal and corporate enterprises		18 605	44 834
<b>Total revenues</b>		<b>101 625 211</b>	<b>85 560 095</b>
<b>Expenses</b>			
Housing and utilities	34	(22 930 240)	(16 572 419)
Education	35	(18 429 681)	(16 275 608)
Health Care	36	(15 683 223)	(13 277 201)
Construction	37	(2 693 489)	(3 542 762)
Transport, road facilities, communication, telecommunications and informational technologies	38	(19 610 399)	(13 115 988)
Social care and social security	39	(8 320 896)	(9 059 291)
Culture and arts	40	(1 941 635)	(1 712 473)
Other services related to economic activities	41	(1 913 149)	(3 456 805)
Governance	42	(2 501 932)	(2 269 122)
Special Purpose Funds		(428 307)	(341 742)
Physical Culture and Sports		(763 579)	(607 272)
Funds transferred to the State Budget and others budgets	43	(247 520)	(159 758)
Other activities in the field of ecology and natural resources protection		(160 356)	(124 908)
Transfers		-	(1 470 863)
Expenditures and borrowings		(223 870)	(79 650)
The effect of the termination of recognition of housing stock as a result of privatization		2 375 152	-
Other income (expenses)		(277 762)	(2 664 981)
<b>TOTAL EXPENSES TO FINANCIAL EXPENSES</b>		<b>(96 271 657)</b>	<b>(79 968 474)</b>
<b>SURPLUS BEFORE TAXES AND FINANCIAL EXPENSES</b>		<b>5 353 554</b>	<b>5 591 621</b>
Income tax		(229 996)	(214 719)
<b>SURPLUS FOR THE REPORTING PERIOD BEFORE FINANCIAL EXPENSES</b>		<b>5 123 558</b>	<b>5 376 902</b>
Financial expenses	44	(1 919 732)	(1 779 054)
<b>SURPLUS (DEFICIENCY) FOR THE REPORTING PERIOD</b>		<b>3 203 826</b>	<b>3 597 848</b>
Surplus attributable to non-controlling interest		-	20 829
Surplus attributable to Kyiv city community		3 203 826	3 577 019
<b>SURPLUS FOR THE REPORTING PERIOD</b>		<b>3 203 826</b>	<b>3 597 848</b>



## THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON DECEMBER 31, 2019

	Attributable to Kyiv City Community		Minority interest	Total
<i>In thousands of Ukrainian hryvnias</i>	Note	Accumulated surplus		
<b>Balance as of January 1, 2018</b>	<b>43 157 152</b>	<b>35 802 328</b>	<b>78 959 480</b>	<b>525 983 79 485 463</b>
Surplus / (deficit) for the reporting period	-	3 577 019	3 577 019	20 829 3 597 848
Another cumulative income	(4 599 050)	4 599 050	-	-
Adjustment of prior periods	-	2 967 900	2 967 900	(41 074) 2 926 826
<b>Balance as of December 31, 2018</b>	<b>38 558 102</b>	<b>46 946 297</b>	<b>85 504 399</b>	<b>505 738 86 010 137</b>
Surplus / (deficit) for the reporting period	-	3 203 826	3 203 826	- 3 203 826
Reclassification of equity components	21 288 436	(21 288 436)	-	-
Adjustment of prior periods	-	3 979 217	3 979 217	- 3 979 217
<b>Balance as of December 31, 2019</b>	<b>59 846 538</b>	<b>32 840 904</b>	<b>92 687 442</b>	<b>505 738 93 193 180</b>

## THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON DECEMBER 31, 2019

<i>In thousands of Ukrainian hryvnias</i>	Note	2019	2018
<b>Cash flow from operating activities</b>			
Personal income tax		23 034 611	18 587 101
Corporate income tax		5 501 862	3 640 867
Transfers from public authorities		13 688 467	17 247 133
Duties and fees for special use of natural resources		47 135	52 918
Excise tax on excisable goods sold by business entities		1 896 782	1 732 730
Administrative fees and charges, revenue from non-profit business		641 386	659 740
Local taxes and charges		14 056 124	11 535 714
Other non-tax proceeds		316 706	542 306

<i>In thousands of Ukrainian hryvnias</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Proceeds from sales of goods and services provided by municipal entities		31 713 367	24 120 392
Special purpose funds		14 347 215	11 505 396
Other taxes and fees		86	248 379
Proceeds from products sold and services provided by municipal entities		717 529	646 052
Rental fees received		377 051	342 356
Advances received		621 979	637 072
Repayments of advances granted		107 322	98 047
Interest income on current account balances		113 255	72 742
Taxes and duties reimbursed		19 345	2 991
Other proceeds		4 741 353	5 838 614
Expenditures to goods, works, services		(19 189 369)	(22 083 424)
Labor costs and payroll related charges		(22 892 521)	(18 214 607)
Transfers to the State Budget and other budgets		(7 235 781)	(6 758 579)
Taxes and charges paid		(3 055 662)	(2 496 636)
Repayment of advances received		(210 328)	(84 450)
Advances issued		(5 310 547)	(1 133 516)
Individual measures on state (regional) programs' implementation		(28 832 414)	(27 742 018)
Social security payments		(3 324 504)	(1 847 308)
Other expenses		(152 696)	
<b>Net cash flows from operating activities</b>		<b>21 737 753</b>	<b>17 150 012</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of non-current assets		155 413	319 791
Proceeds from interest received		1 931	1 897
Other proceeds		4 458 850	3 283 207
Aquisition of non-current assets		(15 044 762)	(12 598 625)
Other payments		(9 919 677)	(11 372 043)
<b>Net cash flows from investing activities</b>		<b>(20 348 245)</b>	<b>(20 365 773)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity		336 252	2 026 328
Proceeds from borrowings received		453 254	2 034 367
Repayment on borrowings		(849 897)	(2 434 126)
Interest paid on Eurobonds placed		(58 107)	(770 996)
Other proceeds		525 420	960 032
Other payments		(508 111)	(409 410)
<b>Net cash flow from financing activities</b>		<b>(101 189)</b>	<b>1 406 195</b>
<b>Net cash flow for the reporting period</b>		<b>1 288 319</b>	<b>(1 809 566)</b>
Cash and cash equivalents at the beginning of the reporting period	13	4 487 752	5 474 040
Effect of exchange rate changes on cash and cash equivalent bal-ances		(752 433)	823 278
Cash and cash equivalents at the end of the reporting period	13	5 023 638	4 487 752



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

<i>In thousands of Ukrainian hryvnias</i>	Amounts of funds according to the initial budget	Adjustments	Amounts according to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
<b>Revenues</b>					
<b>General Fund</b>					
Personal and corporate income taxes	26 417 998	1 122 032	27 540 030	28 140 858	600 828
Subventions and donations	12 330 916	288 217	12 619 133	12 217 558	(401 575)
Local taxes and charges	12 122 460	1 162 894	13 285 354	13 895 057	609 703
Excise tax on the excisable goods sold by retailers	1 804 990	40 397	1 845 387	1 896 782	51 395
Administrative fees and charges, revenue from non-commercial business activities	683 100	(38 220)	644 880	641 386	(3 494)
Duties and fees for the special use of natural resources	42 500	6 012	48 512	47 135	(1 377)
Other non-tax proceeds and other budget revenue	30 150	17 974	48 124	62 489	14 365
<b>Special Fund</b>					
Own revenue proceeds of budget institutions	1 041 431	2 048 179	3 089 610	3 083 586	(6 024)
Subventions from the State Budget	1 467 520	3 390	1 470 910	1 470 910	-
Special purpose funds	354 000	-	354 000	319 045	(34 955)
Funds from sales of land, intangible assets and from privatization	547 985	329 000	876 985	113 685	(763 300)
Environmental tax	42 800	-	42 800	36 416	(6 384)
Other taxes and duties	-	-	-	(279)	(279)
Other non-tax proceeds	548 601	1 647	550 248	294 948	(255 300)
<b>Total revenues</b>	<b>57 434 451</b>	<b>4 981 522</b>	<b>62 415 973</b>	<b>62 219 576</b>	<b>(196 397)</b>
<b>Expenditures</b>					
Education	(16 962 365)	(1 316 744)	(18 279 109)	(17 378 883)	900 226
Health Care	(10 202 328)	(1 329 604)	(11 531 932)	(11 233 340)	298 592
Social Care and social security	(8 801 505)	95 717	(8 705 788)	(8 131 248)	574 540
Construction	(3 968 408)	(34 976)	(4 003 384)	(3 726 194)	277 190
Housing and utilities	(3 711 873)	(337 964)	(4 049 837)	(3 790 536)	259 301

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

\* Approved by the Kyiv City Council for 2019, subject to changes

## REPORT ON THE FULFILLMENT OF THE KYIV CITY BUDGET FOR 2018 YEAR

<i>In thousands of Ukrainian hryvnias</i>	Amounts of funds according to the initial budget	Adjustments	Amounts according to the final budget*	Exact amounts on a comparative basis	Deviations from the final budget
<b>Revenues</b>					
<b>General fund</b>					
Personal and corporate income taxes	19 936 000	2 582 774	22 518 774	22 871 895	353 121
Subventions and dotations	13 139 875	503 374	13 643 249	13 513 775	(129 474)
Local taxes and charges	10 097 600	1 025 788	11 123 388	11 535 448	412 060
Excise taxes on excisable goods sold by retailers	1 874 190	(106 227)	1 767 963	1 732 730	(35 233)
Administrative fees and charges, revenue from non-commercial business activities	574 102	70 561	644 663	659 740	15 077
Duties and fees for the special use of natural recoueses	29 340	17 463	46 803	52 918	6 115
Other non-tax proceeds and other budget revenue	17 520	42 177	59 697	81 281	21 584





<i>In thousands of Ukrainian hryvnias</i>	<b>Amounts of funds according to the initial budget</b>	<b>Adjustments</b>	<b>Amounts according to the final budget*</b>	<b>Exact amounts on a comparative basis</b>	<b>Deviations from the final budget</b>
<b>Special Fund</b>					
Own revenue proceeds of budget institutions	959 685	(16 285)	943 400	3 459 455	2 516 055
Subventions from the State Budget	1 153 087	729 560	1 882 647	1 882 644	(3)
Special purpose funds	245 000	15 679	260 679	303 053	42 374
Funds from the sale of land, intangible assets and from pri-vatization	489 200	-	489 200	237 505	(251 695)
Environmental tax	69 500	-	69 500	42 157	(27 343)
Other taxes and duties	-	835 000	835 000	248 608	(586 392)
Other non-tax proceeds	528 400	-	528 400	509 703	(18 697)
<b>Total revenue</b>	<b>49 113 499</b>	<b>5 699 864</b>	<b>54 813 363</b>	<b>57 130 912</b>	<b>2 317 549</b>
<b>Expenditures</b>					
Education	(15 569 788)	1 164 815	(14 404 973)	(14 968 913)	(563 940)
Health care	(10 542 280)	1 367 738	(9 174 542)	(10 248 722)	(1 074 180)
Social care and social security	(9 020 300)	36 552	(8 983 748)	(8 719 686)	264 062
Construction	(6 476 140)	4 175 065	(2 301 075)	(2 156 177)	144 898
Housing and utilities	(3 349 219)	(481 480)	(3 830 699)	(3 649 255)	181 444
Transport, road facilities, com-munication, telecommunications and informational technologies	(8 059 465)	(3 563 842)	(11 623 307)	(10 960 790)	662 517
State administration	(995 637)	17 733	(977 904)	(967 813)	10 091
Culture and arts	(1 723 238)	46 448	(1 676 790)	(1 829 070)	(152 280)
Other services related to econom-ic activities	(2 920 888)	(346 368)	(3 267 256)	(3 221 111)	46 145
Special purpose funds	(343 916)	343 916	-	-	-
Physical culture and sports	(573 467)	5 559	(567 908)	(556 800)	11 108
Debt servicing	(494 340)	82 448	(411 892)	(393 445)	18 447
Transfers to the State Budget and others budgets	(163 510)	13 547	(149 963)	(146 297)	3 666
Other expenses	(266 778)	(177 932)	(444 710)	(383 413)	61 297
<b>Total expenditures</b>	<b>(60 498 966)</b>	<b>2 684 199</b>	<b>(57 814 767)</b>	<b>(58 201 492)</b>	<b>(386 725)</b>
<b>Deficit for the reporting period</b>	<b>(11 385 467)</b>	<b>8 384 063</b>	<b>(3 001 404)</b>	<b>(1 070 580)</b>	<b>1 930 824</b>

\* Approved by the Kyiv City Council for 2019, subject to changes

# RECONCILIATION OF THE CONSOLIDATED FINANCIAL RESULT TO THE RESULT OF FULFILLMENT OF KYIV CITY BUDGET FOR 2019

*In thousands of Ukrainian hryvnias*

	2019	2018
<b>Budget performance results</b>	<b>873 371</b>	<b>(1 070 580)</b>
(I) Recognition of non-operating foreign exchange differences on Eurobonds and adjustment of finance costs accrued on a cash basis	(1 348 568)	-
(II) The financial result of municipal entities, budget institutions corporate entities not included into the budget of Kyiv city and adjusted for the effect of eliminated adjustments in the budget expenditures	(4 605 307)	(4 891 858)
(III) Adjustment of proceeds from taxes and charges accrued by the cash basis	481 760	(1 015 639)
(IV) Effect of residential property de-recognition as a result of privatization	-	2 375 152
(V) Effect of eliminated adjustments in the budget expenditures	7 802 570	8 200 773
<b>Consolidated surplus for the reporting period</b>	<b>3 203 826</b>	<b>3 597 848</b>

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

II. The budget performance report does not include gains / losses of municipal entities, budget institutions and corporate entities for the reporting period, therefore, in the process of consolidation; the results of their activities are added to the Consolidated Financial Information for Special Purpose.

III. Proceeds from taxes and duties were included to budget revenue using the cash basis method of accounting. The adjustment represents the application of the accrual method of accounting of taxes and fees.

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

V. During the preparation of the consolidated information, the local budget expenditures were eliminated against the revenues received by budgetary organizations and municipal entities from the city budget.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION FOR SPECIAL PURPOSE

## 1. General information

Consolidated financial information for special purpose of the city of Kyiv includes information on the Kyiv City Council, the executive body of the Kyiv City Council (Kyiv City State Administration) (hereinafter — «Acting Kyiv City State Administration»), 22 departments executive authority of the KCC (KCSA) (2018: 22 departments), 5 departments executive authority of the KCC (Kyiv City State Administration) (2018: 5), Services for Children and Families executive authority of the KCC (KCSA), the State Archives of Kyiv, 10 district state administrations in Kyiv (hereinafter — «DSA») (2018: 10 DSA) and directly or indirectly subordinated to them 1 903 (2018: 1 908) enterprises, institutions, organizations based on the communal property of the territorial community of the city of Kyiv (hereinafter — the City), of which 380 utilities and 1 523 budget institutions (2018: 384 utilities and 1 524 budget insti-

tutions), except for enterprises of the City, which were in a state of reorganization or liquidation (Note 4). As of December 31, 2019 and 2018, the City had a share of corporate rights and control over 7 joint stock companies.

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

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

## 2. Economic environment

In 2019, the Ukrainian economy continued to recover from the economic and political crisis of previous years and demonstrated steady growth in real GDP and stabilization of the national currency. Consumer inflation slowed from 9,8% in 2018 to 4,1% in 2019. In 2019, the Ukrainian economy grew by 3,2%, which is almost the same as in 2018 (103,4%) and is objective evidence of easing inflationary pressure on the Ukrainian economy and stabilizing the economic situation in Ukraine. The government does not abandon attempts to carry out comprehensive structural reforms aimed at eliminating existing imbalances in the economy, public finances and governance, fighting corruption and creating conditions for economic growth in the country. The International Monetary Fund continued to support the Ukrainian government under the four-year IMF Extended Fund Facility approved in March 2015.

In 2019, the international rating agency Moody's reaffirmed Ukraine's sovereign rating at Caa1 and improved its outlook from "stable" to "positive". It is believed that the new program with the IMF, which is currently being negotiated, will not only strengthen the sovereign rating, but also help unlock funding from other international organizations.

In July 2019, Moody's downgraded the outlook for Ukraine's banking system from "positive" to "stable" as it saw the risks associated with growing consumer lending.

In September, the international rating agency Fitch upgraded Ukraine's long-term and short-term credit rating (IDR) in foreign and national currencies from B- to B, and improved its outlook from «stable» to «positive.» A similar forecast was given by Standard & Poor's. Further stabilization of the economic and political situation depends, to a large extent, on the success of the Ukrainian government.

### 3. Basic principle of the accounting policy

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

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

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

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

The statement of financial results reflects a share in the results of the associate's activities. In the case of changes recognized directly in the net assets of an associate, the City recognizes its share in these changes and discloses the relevant information in all necessary cases in the consolidated statement of

changes in net assets. Unrealized profits and losses on transactions between the City and its associates are excluded from the amount of the City's share in these associate companies.

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

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

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

Monetary assets and liabilities are translated into the functional currency of each company at the official exchange rate established by the National Bank of Ukraine (the "NBU") at the end of the reporting period. Profits and losses on foreign exchange differences are recorded in the surplus or deficit for the reporting period.

The exchange rates of major world currencies to the Ukrainian hryvnia, established by the NBU as at December 31, 2019 and 2018 are indicated below:

	As of December 31, 2019	As of December 31, 2019
UAH/USD	23,69	27,68
UAH/EUR	26,42	31,71

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





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

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

The cost of replacing those components of property, plant and equipment that are recognized separately is capitalized, and the carrying amount of the replaced components is deducted. Other subsequent expenses are capitalized only in those cases, if they lead to increase of future economic benefits from the fixed asset. All other expenses are recognized in profit or loss during the period in which they were incurred.

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

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

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

periods should be reversed if the estimates used to determine the recoverable amount of the asset since the date of recognition of the last impairment loss have changed.

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

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

Leased assets include vehicles and production equipment.

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

**Service concession assets.** The City analyzes all aspects of service concession arrangements that it enters into. When the City acts as a grantor, it recognizes the service concession asset if the following conditions are met:

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

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

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

The book value of an asset is reduced directly to the cost of its reimbursement or to the cost of ser-

vice reimbursement if the book value exceeds the estimated cost of recovering the asset or the cost of the service reimbursement.

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

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

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

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

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

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

## DEPRECIATION OF NON-FINANCIAL ASSETS

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

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

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

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

**Depreciation of non-cash-generating assets.** For each reporting date, the City should provide the evaluation whether there are signs of impairment of non-cash-generating assets. In the presence of such signs or when necessary to conduct an annual test for the impairment of an asset, the City assesses the cost of its reimbursement. The cost of an asset reimbursement is its fair value excluding sales costs or the cost of using an asset, depending on what is bigger.

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

For each reporting date, an assessment is made of the existence of evidence that an impairment loss recognized in relation to an asset has not existed or decreased. If such features are available, the City de-



termines the cost of reimbursement. An impairment loss recognized for an asset in prior periods is reversed if the prior assumptions used to determine the recoverable amount of the asset since the date of recognition of the last impairment loss have changed. The amount of reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined (minus depreciation) if no impairment loss was recognized in prior years. This reversal is recognized as being in surplus or deficit.

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

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

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

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

Terms and depreciation methods for intangible assets with a limited useful life are reviewed at the end of each reporting period. Changes in expected use periods or in the expected pattern of obtaining future economic benefits associated with an asset are accounted for when the depreciation period or depreciation method is changed in appropriate cases and accounted for as changes in accounting estimates. Depreciation costs for intangible assets with a limited useful life are recognized as surplus or deficits in the cost category, which is in line with the nature of the intangible asset.

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

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

## FINANCIAL INSTRUMENTS

**Initial recognition and measurement.** Financial assets that fall within the scope of IAASS29 “Financial Instruments: recognition and measurement” are classified as financial assets at fair value through profit or loss, loans or available-for-sale financial assets. The City defines the classification of its financial assets at first initial recognition.

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

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

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

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

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

Subsequent to initial valuation, available-for-sale investments are subsequently measured at fair value, profits and losses on changes of what recognized directly in net assets in the statement of changes in net assets until the date of the cessation of recognition of the investment, when the cumulative profit or loss is recognized in surplus or deficit.

**Impairment of financial assets.** For each statement date, the City assesses whether there are any signs of impairment of financial assets or a group of financial assets. A financial asset or a group of



financial assets is considered impaired, if only there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of an asset (the occurrence of an «event of loss»), and this loss event has an impact on the expected future cash flows from a financial asset or a group of financial assets that can be measured reliably.

Signs of depreciation may include the following situations:

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

## FINANCIAL LIABILITIES

**Initial recognition and measurement.** Financial liabilities that fall within the scope of IAASS29 are classified as financial liabilities that are required to be measured at fair value with changes in surplus or deficit, or borrowings and loans. The City defines the classification of its financial liabilities at initial recognition.

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

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

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

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

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

or at the same time realize the asset and pay off liabilities.

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

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

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

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

**Receivables from exchange and non-exchange transactions.** Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the



effective interest rate method minus the allowance for impairment losses. A provision for impairment of receivables is created when there is objective evidence that the City will not be able to obtain the full amount of the debt in accordance with the initial conditions. Accounts receivable for non-exchange transactions consist of taxes and fees payable to the City budget.

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

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

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

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

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

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

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

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

**Budget information.** The City's annual budget is cash based. The reconciliation of planned expenses and revenues is presented in the report on the implementation of the budget of the city of Kyiv. Due to the application of cash basis principles for budgeting purposes, there are differences related to the use of different accounting methods, terms or business entities that require reconciliation of the actual comparative amounts and amounts presented as a separate additional financial report.

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

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

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

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

## INCOME FROM NON-EXCHANGE TRANSACTIONS

**Taxes and charges.** Taxes and charges are measured at fair value and recognized at the moment they occur and are the subjects to the asset recognition criteria. Deferred income is recognized in case the conditions occur that result in a liability to repay the relevant amount. Other income from non-exchange transactions is recognized only if it is probable that

future economic benefits or the realization of the operating potential associated with the asset can be measured reliably.

**Transfers from other government entities.**

Income from non-exchange transactions with other government entities are measured at fair value and recognized when the asset (cash, goods, services and property) is controlled and if the transfers are not burdened with conditions, when it is probable that future economic benefits or realization of the operating potential associated with the asset will flow to the city, and its value can be measured reliably.

## INCOME FROM EXCHANGE TRANSACTIONS

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

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

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

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

## TAXES

**Income tax.** In this Consolidated Financial Information, income tax is provided in accordance with the Ukrainian legislation that was in force or actually

enacted as at the reporting date. Income tax charge / credit consists of current tax and deferred tax and is recognized in surplus or deficit, except when it relates to operations recognized directly in other comprehensive income or directly in equity for the same or different period.

Current tax is the amount that is expected to be paid to, or recovered from, the tax authorities in respect of taxable profits or losses for the current and prior periods. Other taxes, except for income tax are recorded within other expenses.

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

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

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

**Value Added Tax (VAT).** VAT is charged at two rates: 20% is charged on the supply of goods or services where the supply takes place in Ukraine, including supplies without direct payment, and the import of goods to Ukraine (unless such supplies are expressly exempt by the legislation); 7% applies to the supply and import operations in the customs territory of Ukraine of all medical devices that are entered in the State Register of Medical Equipment and Medical Devices or meet the requirements of the relevant technical regulations, as evidenced by the document of conformity, and are allowed to be placed on the market and / or commissioning and use in Ukraine, 0% applies to the export of goods and related services. Output VAT on the sale of goods and services is accounted for on the date the goods/ services are delivered to a customer or the date the payment is received from the customer, whichever is earlier. Input VAT for businesses which are registered as VAT payers is accounted for as follows: the right to input VAT credit on purchase arises at the time of receipt of the VAT invoice issued at the time of





payment to the supplier or at the time of receipt of the goods or services, in dependence what event has occurred before, or the right to input VAT credit on the import of goods or services arises at the moment of tax payment. For businesses that are not registered as VAT payers, the input VAT is included in the cost of goods, works, services purchased, and is charged to the period or capitalized accordingly.

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

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

Related parties include:

- Entities that directly or indirectly through one or more intermediaries control or are under the control of the entity;
- Associated companies;
- Individuals who, directly or indirectly, own a reporting part of entity that provides them the significant influence on that entity, as well as close family members of any such entity;

- Key management staff and family members of leading management staff;

- Entities in which a substantial part of the property belongs directly or indirectly to the person referred to in the third or fourth paragraphs, or those to which such person is capable of exercising significant influence.

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

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

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

The Group's accounting policy sets the materiality level at 0.3% of the total value of assets (consolidated balance sheet currency), which as of December 31, 2019 and 2019 amounted to UAH 512.2 million.

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

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

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

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

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

**Valuation of investments in associates and subsidiaries.** Of the total number of self-supporting utility companies (institutions, organizations) (380), as of 31.12.2019 (2018: 384), 149 — legal entities are in the process of termination (liquidation, reorganization) (2018: 153), 1 company is on the territory Crimea (2018: 1), 8 — do not carry out financial and economic activities (2018: 9), and are not in the process of termination by decision of the owner.

Of the total number of budget institutions (1 523), as of December 31, 2019 (2018: 1 524), 105 legal en-

tities are in the process of termination (liquidation, reorganization) (2018: 46).

The City also has investments in 35 enterprises (2018: 35 enterprises) with a share of ownership from 1% to 100%. As of December 31, 2019, the City had no control or significant influence over 24 enterprises (2018: 19 enterprises), of which 10 are in the process of liquidation, 14 do not carry out economic activities. Investments in such enterprises were not classified as associates or subsidiaries. The assets, liabilities and financial results of liquidated and non-liquidated enterprises were not included in the consolidated financial information as of December 31, 2019 and 2018.

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

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



## 5. Related party transactions

**Key management personnel.** Information about operations with key management personnel is presented below.

Remuneration to key management personnel for 2019 year:

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

## Remuneration to key management personnel for 2018 year:

<i>In thousands of Ukrainian hryvnias</i>	<b>Annual payroll</b>	<b>Social charges</b>	<b>Total annual salary and accruals</b>
Head of the Kyiv City State Administration	368	81	449
First Deputy Head of the Kyiv City State Administration	626	109	735
Deputies of the Head of the Kyiv City State Administration (8 persons)	2 510	452	2 962
Head of the Executive Office of the Kyiv City State Administration	52	11	63
Director of Construction and Housing Department	460	101	561
Director of Internal Financial Control and Audit Department	425	93	518
Director of Economy and Investments Department	509	97	606
Director of Housing and Utility Infrastructure Department	419	83	502
Director of State Architectural and Construction Control Department	526	96	622
Director of State Registration Department	320	70	390
Director of Land Resources Department	547	120	667
Director of Information and Communication Technologies Department	495	97	592
Director of the Department of Communal Property of Kyiv	480	100	580
Director of Culture Department	453	97	550
Director of Architecture and Urban Construction Department	434	93	527
Director of Urban Improvement Department	455	100	555
Director of Youth and Sports Department	263	40	303
Director of Education and Science Department	499	110	609
Director of Health Care Department	592	107	699
Director of Cultural Heritage Protection Department	96	21	117
Director of Industry and Entrepreneurial Development Department	349	77	426
Director of Social Policy Department	464	102	566
Director of Public Communication Department	471	96	567
Director of Transport Infrastructure Department	322	71	393
Director of Finance Department	528	108	636
Director of Administrative Services Department (Center)	590	108	698
Director of Self-Governing Control Department (Inspection)	406	89	495
Director of Environment and Natural Resources Department	319	70	389
Head of Advertising Department	290	64	354
Head of Tourism and Promotion Department	337	61	398
Director of Children and Family Affairs Department	469	100	569
Director of State Archives in the City of Kyiv	460	92	552
<b>Total</b>	<b>15 534</b>	<b>3 116</b>	<b>18 650</b>



## 6. Fixed assets

<i>In thousands of Ukrainian hryvnias</i>	<b>Land plots</b>	<b>Buildings and facilities</b>	<b>Machinery and equipment</b>
Cost	11 606 207	88 397 989	7 666 901
Accumulated depreciation	-	(49 808 276)	(3 762 615)
<b>Net book value</b>	<b>11 606 207</b>	<b>38 589 713</b>	<b>3 904 286</b>
Additions, disposals, and other transfers	815 670	(2 364 360)	4 671 581
Reclassification of initial cost	-	10 233 067	-
Reclassification of accumulated depreciation	-	(1 503 296)	-
Revaluation of fixed assets	142 761	22 456 626	1 395 489
Depreciation for the period	-	(5 485 696)	(1 106 365)
<b>As of December 31, 2018:</b>			
Initial value	12 564 638	117 220 026	13 733 971
Accumulated depreciation	-	(55 293 972)	(4 868 980)
<b>Residual value</b>	<b>12 564 638</b>	<b>61 926 054</b>	<b>8 864 991</b>
<b>Initial cost adjustment</b>	(909 577)	45 657 981	(370 196)
<b>Adjustment of accumulated depreciation</b>	-	(39 587 544)	(411 042)
<b>As of December 31, 2018:</b>			
<b>Initial value</b>	11 655 061	162 878 007	13 363 775
<b>Accumulated depreciation</b>	-	(94 881 516)	(5 280 022)
<b>Residual value</b>	<b>11 655 061</b>	<b>67 996 491</b>	<b>8 083 753</b>
<b>Additions, disposals, and other transfers</b>	585 763	(13 525 890)	(6 007 580)
<b>The result of the termination of recognition of housing as a result of privatization</b>	-	-	(40)
<b>Revaluation of fixed assets</b>	778 303	5 077 616	18 530
<b>Depreciation for the period</b>	-	12 533 426	(1 244 801)
<b>As of December 31, 2019:</b>			
<b>Initial value</b>	13 019 127	154 429 733	7 374 685
<b>Accumulated depreciation</b>	-	(82 348 090)	(6 524 823)
<b>Residual value</b>	<b>13 019 127</b>	<b>72 081 643</b>	<b>849 862</b>

During 2019, some companies conducted a revaluation of fixed assets. For this purpose, independent appraisers were involved, who determined the fair value of fixed assets.

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

lations on Lease of Territorial Property community of the city of Kyiv, approved by the decisions of the Kyiv City Council dated September 22, 2011 № 34 / 6250 and dated April 21, 2015 № 415 / 1280.

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

Means of transport	Construction in progress	Assets in concession	Other fixed assets	Total
22 054 283	18 599 680	10 233 067	4 734 050	163 292 177
(11 776 816)	-	(1 503 296)	(2 093 996)	(68 944 999)
<b>10 277 467</b>	<b>18 599 680</b>	<b>8 729 771</b>	<b>2 640 054</b>	<b>94 347 178</b>
1 326 136	4 789 140	-	(715 986)	8 522 181
-	-	(10 233 067)	-	-
-	-	1 503 296	-	-
656 866	-	-	(4)	24 651 738
(1 001 088)	-	-	(343 381)	(7 936 530)
24 037 285	23 388 820	1 503 296	4 018 060	196 466 096
(12 777 904)	-	(1 503 296)	(2 437 377)	(76 881 529)
<b>11 259 381</b>	<b>23 388 820</b>	<b>-</b>	<b>1 580 683</b>	<b>119 584 567</b>
3 230 058	3 190 585	(1 503 296)	175 354	49 470 909
(3 415 139)	(4 512)	1 503 296	786 756	(41 128 185)
27 267 343	26 579 405	-	4 193 414	245 937 005
(16 193 043)	(4 512)	-	(1 650 621)	(118 009 714)
<b>11 074 300</b>	<b>26 574 893</b>	<b>-</b>	<b>2 542 793</b>	<b>127 927 291</b>
466 368	6 512 598	-	1 664 288	(10 304 453)
-	-	-	(62)	(102)
(6 857 723)	-	-	83 039	(900 235)
11 527 273	(1 004)	-	(431 573)	22 383 321
20 875 988	33 092 003	-	<b>5 940 679</b>	234 732 215
(4 665 770)	(5 516)	-	(2 082 194)	(95 626 393)
<b>16 210 218</b>	<b>33 086 487</b>	<b>-</b>	<b>3 858 485</b>	<b>139 105 822</b>

of ownership. The total area of these facilities as of December 31, 2019 is 112.47 thousand square meters. m (December 31, 2018: 112.47 thousand square meters).

As of December 31, 2019, the total land area of the city of Kyiv is 82.6 thousand hectares (December 31, 2018–83.6 thousand hectares).

**Assets in concession.** According to the decision of the Kyiv City Council of June 20, 2017 and April 24, 2018, the Agreement on the implementation of the project of management and reform of the energy complex of Kyiv of September 27, 2001, concluded between the Kyiv City State Administration and the PJSC«Kyivenergo», it was decided to terminate on July 31, 2018.

As of December 31, 2019 and December 31, 2018, there are no assets in the concession.



## 7. Investment property

As of December 31, 2019 and 2018, the investment property and structures leased to commercial enterprises on market-based terms and conditions.

## 8. Intangible assets

<i>In thousands of Ukrainian hryvnias</i>	Property use rights	Software	Other intangible assets	Total
<b>As of January 1, 2018:</b>				
Initial value	132 845	54 790	289 716	477 351
Accumulated depreciation and impairment	(73 929)	(37 731)	(189 627)	(301 287)
<b>Residual value</b>	<b>58 916</b>	<b>17 059</b>	<b>100 089</b>	<b>176 064</b>
Additions	143 560	5 604	133 698	282 862
Disposal	(12 522)	(30 303)	(3 304)	(46 129)
Another movement of depreciation	73 847	25 870	83 663	183 380
Depreciation for the period	(20)	(605)	(19 362)	(19 987)
<b>As of December 31, 2018:</b>				
Initial value	263 883	30 091	420 110	714 084
Accumulated depreciation and impairment	(102)	(12 466)	(125 326)	(137 894)
<b>Residual value</b>	<b>263 781</b>	<b>17 625</b>	<b>294 784</b>	<b>576 190</b>
Additions	64 011	-	260 387	324 398
Disposal	(42 396)	-	(12 568)	(54 964)
Depreciation for the period	(126)	-	(46 477)	(46 603)
<b>As of December 31, 2019:</b>				
Initial value	285 498	30 091	667 929	983 518
Accumulated depreciation and impairment	(228)	(12 466)	(171 803)	(184 497)
<b>Residual value</b>	<b>285 270</b>	<b>17 625</b>	<b>496 126</b>	<b>799 021</b>

## 9. Investments accounted for using the equity method

In June 2016, the national Bank of Ukraine decided to revoke the banking license of PJSC CB «Khreschatyk» and liquidate it. Correspondingly, the total amount of the City's investment in PJSC KB Khreschatyk as at December 31, 2019 and 2018 in the consolidated statement of financial condition was zero.

## 10. Receivables from exchange transactions

<i>In thousands of Ukrainian hryvnias</i>	December 31, 2019	December 31, 2018
<i>Long-term receivables from exchange transactions</i>	761 643	330 700
<b>Total long-term receivables from exchange transactions</b>	<b>761 643</b>	<b>330 700</b>
<i>Current receivables</i>		
Debts for goods and services	4 559 543	4 735 947
Debts on other exchange transactions	6 509 448	6 448 016
Provision for doubtful debts	(77 109)	(146 687)
<b>Total financial receivables</b>	<b>10 991 882</b>	<b>11 037 276</b>
Prepay	2 300 254	1 781 943
Provision for doubtful debts	(22 727)	(299 712)
<b>Total current receivables</b>	<b>13 269 409</b>	<b>12 519 507</b>

## Reconciliation of the provision for impairment of receivables:

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b> <b>Sum of reserves</b>	<b>2018</b> <b>Sum of reserves</b>
<b>on January 1</b>	446 398	2 518 310
Change in reserve in the current period	(546 234)	(2 071 912)
<b>As of December 31</b>	<b>(99 836)</b>	<b>446 398</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Neither past due nor impaired, other than receivables from households for utilities</b>		
Receivables for services and goods provided	3 772 355	3 045 291
Other receivables from exchange transactions	608 402	130 855
<b>Total neither past due nor impaired</b>	<b>4 380 757</b>	<b>3 176 146</b>
<b>Ast due, but not impaired, other tha receivables from households and utilities</b>		
From 1 to 30 days	83 636	236 649
From 31 to 90 days	1 338 674	108 433
From 91 to 180 days	871 201	42 342
<b>Total past due, but not impaired</b>	<b>2 293 511</b>	<b>387 424</b>
<b>Past due and impaired, except for receivables from households for utilities</b>		
From 181 to 360 days	167 457	37 222
Over 360 days	334 684	80 079
<b>Total past due and impaired</b>	<b>502 141</b>	<b>117 301</b>
Receivables from households for utilities	2 497 043	5 197 240
Other receivables	2 157 182	2 636 552
<b>Total financial receivables</b>	<b>11 830 634</b>	<b>11 514 663</b>
Allowance for estimated irrecoverable amounts	(77 109)	(146 687)
<b>Total financial receivables excluding allowance</b>	<b>11 753 525</b>	<b>11 367 976</b>

## 11. Inventories

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Auxiliary and other materials	1 482 027	8 046 826
Apartments and non-residential premises	709 602	2 777 829
Merchandise for resale	416 409	575 193
Spare parts	184 289	346 111
Finished goods and work in progress	67 772	184 384
Construction in progress under construction contracts	16 138	47 435
Other inventories	1 020 352	1 404 441
<b>Total Inventories</b>	<b>3 896 589</b>	<b>13 382 219</b>



**12. Receivables from non-exchange transactions**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Receivables from land tax	1 062 544	775 443
Receivables from corporate income tax	745 766	494 272
Receivables from personal income tax	611 054	228 546
Receivables from other taxes and charges of the General and Special Fund	506 281	404 079
Receivables from excise tax	5 034	56 872
Receivables from planned allocation of expenditures to benefits and subsidies to households	27 013	-
<b>Total receivables from non-exchange transactions</b>	<b>2 957 692</b>	<b>1 959 212</b>

**13. Cash and cash equivalents**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Treasury accounts	3 395 514	2 472 335
Bank accounts	1 149 440	1 775 798
Short-term deposits	273 798	172 657
Other cash and cash equivalents	156 794	57 722
Cash on hand and in transit	48 092	9 240
<b>Total cash and cash equivalents</b>	<b>5 023 638</b>	<b>4 487 752</b>

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

converted to the closest equivalent on the Moody's rating scale.

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

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

Analysis of cash and cash equivalents as of December 31, 2018:

<i>In thousands of Ukrainian hryvnias</i>	<b>Bank accounts</b>	<b>Treasury accounts</b>	<b>Short-term deposits</b>	<b>Other cash</b>	<b>Total</b>
<b>Moody's rating</b>					
B3	456	-	-	-	456
Caa1	395 385	2 472 335	114 601	-	2 982 321
Caa2	6	-	-	-	6
Unrated	1 389 192	-	58 055	57 722	1 504 969
<b>Total</b>	<b>1 785 039</b>	<b>2 472 335</b>	<b>172 656</b>	<b>57 722</b>	<b>4 487 752</b>

**14. Other non-current assets**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Prepayments for property, plant and equipment	4 004 885	2 597 716
Municipal property held for sale	90 355	139 045
Other non-current assets held for sale	1 723	501
Cash on accounts with non-performing banks	-	-
Other	4 718	3 717
<b>Total other non-current assets</b>	<b>4 101 681</b>	<b>2 740 979</b>

**15. Borrowings**

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

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Borrowings from the Ministry of Finance of Ukraine	2 078 464	4 859 290
Borrowings from international organizations	248 760	775 498
Eurobonds	2 725 618	3 186 144
Bank borrowings	339 353	415 470
<b>Total long-term borrowings</b>	<b>5 392 195</b>	<b>9 236 402</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Borrowings from the Ministry of Finance of Ukraine	2 078 464	4 859 290
Treasury borrowings	3 688 454	3 688 454
Eurobonds	-	-
Borrowings from international organizations	225 061	460 083
Finance leases	-	-
Bank borrowings	-	45 000
Interest accrued on the borrowing from the Ministry of Finance of Ukraine	-	-
Other short-term borrowings	8 373	-
<b>Total short-term borrowings</b>	<b>6 000 352</b>	<b>9 052 827</b>

Analysis of borrowings by currency is represented below:

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
UAH	6 882 547	12 904 726
USD	4 036 179	4 148 922
EUR	473 821	1 235 581
<b>Total borrowings</b>	<b>11 392 547</b>	<b>18 289 229</b>



Analysis of borrowings by maturity is represented below:

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
borrowings with expired maturity	-	-
With undetermined maturity	3 688 454	3 688 454
Less than 6 months	-	-
From 6 to 12 months	15 585	5 274 759
From 1 to 5 years	4 714 130	9 326 016
More than 5 years	2 974 378	-
Other	-	-
<b>Total borrowings</b>	<b>11 392 547</b>	<b>18 289 229</b>

Interest rates on borrowings are given below:

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
borrowings from the Ministry of Finance of Ukraine	7,75%*	7,75%*
Eurobonds	7,5%	7,5%
Bank borrowings	19%-21,5%	19%-21,5%
Borrowings from international organizations	Euribor + 5,75%, 6,9%	Euribor + 5,75%, 6,9%

\* As part of the loan repayment from the Ministry of Finance of Ukraine, the City reimburses in full the expenses of the Ministry of Finance of Ukraine on external government bonds of Ukraine during 2015–2020 and government derivatives during 2020–2040. This

interest rate corresponds to the nominal rate of the coupon on foreign government bonds of Ukraine. The city cannot reliably determine the effective rate on the loan, as the costs of servicing government derivatives during 2020–2040 cannot be reliably predicted.

The following is the movement of borrowings:

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Borrowings at the beginning of the year	18 289 229	19 062 228
Borrowings received	-	-
Borrowings repaid	(6 436 156)	(466 572)
Restructuring	-	385 444
Interest accrued	215 846	1 256 060
Interest paid	(215 846)	(1 261 488)
Foreign currency exchange differences	(460 526)	(686 443)
<b>Borrowings as at the end of the year</b>	<b>11 392 547</b>	<b>18 289 229</b>

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

Within the restructuring process, a part of the debt in the amount of USD 448,851 thousand (UAH 10,542 466 thousand at the date of restructuring)

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



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

As of December 31, 2019, the amount of liabilities to bondholders amounted to USD 115 072 thousand (UAH 2 725 618 thousand). As at December 31, 2018, the amount of liabilities to bondholders as a result of the restructuring amounted to USD 115 072 thousand (UAH 3 186 144 thousand).

**Treasury borrowings.** Under the Budget Code of Ukraine, Article 73, Paragraph 3 (effective until 1 January 2015), according to the relevant local council's decision, local state administrations and executive bodies of relevant local councils could receive medium-term repayable non-interest bearing borrowings from the unified Treasury account in the amount of estimated income budget as defined in the State Budget Law of Ukraine for the respective reporting period. The procedure and conditions of obtaining and repayment of these borrowings were determined by the Cabinet of Ministers of Ukraine. From 2009

to 2013 the City received medium-term borrowing in the amount of UAH 3 761 755 thousand. In 2014, the City repaid UAH 73 301 thousand of borrowings. On December 28, 2014, amendments were made to the Budget code, according to which the repayment of debt on medium-term loans to the state budget, which is registered in the State Treasury service, was postponed until further legislative guidance. Accordingly, in 2019 and 2018, the City did not make payments on these borrowings.

#### **Borrowings from international organizations.**

In 2008, the City signed an agreement with the European Bank for Reconstruction and Development to open a credit line worth 115 000 euros for the development of Kyiv's municipal transport. The amount of debt as of December 31, 2019 and 2018 amounted to 23 089 thousand euros and 36 760 thousand euros, respectively. According to the terms of the agreement, the loan must be paid in 2021. The interest rate in force during 2019 and 2018 is Euribor + 5,75%.

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

The amount of debt on foreign currency loans in euros as of December 31, 2019 and 2018 amounted to 1 583 thousand euros and 2 198 thousand euros, respectively. According to the terms of the agreement, the loan must be paid in 2021. The interest rate is 6,9%.

## **16. Long-term reserves**

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

*In thousands of Ukrainian hryvnias*

	<b>Reserves</b>
<b>Balance at January 1, 2018</b>	<b>23 290</b>
Charges in the current year	771 161
Utilization of the reserves	(8 736)
<b>Balance at December 31, 2018</b>	<b>785 715</b>
Charges in the current year	139 290
Utilization of the reserves	(246 243)
<b>Balance at December 31, 2019</b>	<b>678 762</b>

Reserves are formed taking into account the needs of the probable amount required to cover the reserve and are used only for the purposes for which they

were created. Reserves are revalued at each balance sheet date.



**17. Other non-current liabilities**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Long-term debt under construction contracts	22 925 005	15 543 666
Long-term commitments for financing from the state budget	8 094 341	6 902 069
Other long-term liabilities	3 236 732	116 288
<b>Total other long-term liabilities</b>	<b>34 256 078</b>	<b>22 562 023</b>

**18. Deferred income**

Deferred income as of December 31, 2019 and 2018 in the amount of UAH 10 875 441 thousand and UAH 6 923 657 thousand, respectively, is represented by targeted funding from the State budget, other targeted funding and assets received free of charge from third parties.

**19. Payables under exchange transactions**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Payables for goods, works and services	4 217 222	4 026 113
Advances received	1 945 572	4 629 460
Payables to third parties	482 765	271 256
Payables to employees	232 046	561 305
Other payables	649 439	458 498
<b>Total payables from exchange transactions</b>	<b>7 527 044</b>	<b>9 946 632</b>

**20. Accounts payable for taxes and transfers**

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Payables on other taxes and transfers	86 871	82 118
VAT payable	46 272	30 991
Payables on transfers to the Pension Fund of Ukraine	41 641	53 095
Other payables for taxes and transfers	195 680	262 510
<b>Total taxes and transfers payables</b>	<b>370 464</b>	<b>428 714</b>

## 21. Current reserves

During 2019 and 2018, the following changes took place in the reserves for liabilities and deductions:

<i>In thousands of Ukrainian hryvnias</i>	<b>Reserves for fulfillment of obligations under construction contracts</b>	<b>Ensuring the execution of court decisions</b>	<b>Reserve of unused vacations</b>	<b>Other</b>	<b>Total</b>
<b>Balance at 31 December 2018</b>	<b>60 945</b>	<b>518 134</b>	<b>251 248</b>	<b>90 863</b>	<b>921 190</b>
Charges in the current year	11 871	600 511	111 676	5 292	729 350
Utilization of provision	-	-	(115 705)	(3 898)	(119 603)
<b>Balance at December 31, 2018</b>	<b>72 816</b>	<b>1 118 645</b>	<b>247 219</b>	<b>92 257</b>	<b>1 530 937</b>
Charges in the current year	-	1 647	706 326	152 691	860 664
Utilization of provision	-	-	(582 114)	(201 101)	(783 215)
<b>Balance at December 31, 2019</b>	<b>72 816</b>	<b>1 120 292</b>	<b>371 431</b>	<b>43 847</b>	<b>1 608 386</b>

Collateral for the execution of court decisions, accrued in 2018, includes UAH 526 240 thousand in court case № 910 / 9076/18 on a claim from LLC «Austro-Hungarian Leasing Company» to PUC «Kyivskyi Metropoliten» to recover UAH 526 240 thousand of material costs for late execution of the court decision in case № 910 / 8397/16. On November 12, 2018, the Commercial Court of Kyiv upheld the claim of the LLC «Austro-Hungarian Leasing Company» to PUC «Kyivskyi Metropoliten». At the time of preparation of these Consolidated Financial Statements for Special Purpose, the decision of the Commercial Court in case № 910 / 9076/18 has not entered into force: this case is pending before the Northern Commercial Court of Appeal.

The rest of the security for the execution of court decisions as of December 31, 2019 and December 31, 2018 includes mostly recognized penalties in court cases for late payment of electricity. Other reserves are formed based on the probable amount required to cover the reserve and are included in current expenses.

## 22. Other current liabilities

As of 31 December 2019 and 2018, other current liabilities amounted to UAH 3 074 792 thousand and UAH 3 650 036 thousand, respectively.

## REVENUE

### 23. Subventions and dotations

*In thousands of Ukrainian hryvnias*

	2019	2018
Subvention for medical care from the State Budget	4 269 657	4 334 526
Subvention for education from the State Budget	3 529 614	2 838 034
Subvention from the State Budget to pay state social security	2 454 169	2 304 386
Subvention from the State Budget to provide benefits and housing subsidies to households	1 301 697	3 469 906
Subvention from the State Budget to local budgets to undertake measures on social and economic development of certain territories	245 841	126 828
Subvention from the State Budget to local budgets to pay monetary compensation for entitled housing for families of the perished persons as determined by paragraphs 5-8 of point 1 of article 10, as well as persons with Group I-II disabilities as determined by paragraphs 11-14 of part two of the Article 7 of the Law of Ukraine «On the Status of Veterans of War, Guarantees of Their Social Protection», and persons who lost functional capabilities of lower limbs as a result of wounding, blast injury, trauma, or disease incurred in the course of direct participation in the anti-terrorist operation who require to improve housing conditions	71 702	106 745
Subvention from the State Budget to local budgets for the establishment of operational and dispatching services, for the implementation of a pilot project for the development of emergency medical care	63 687	-
Subvention from the State Budget to local budgets to compensate for losses of local budgets as a result of tax benefits provided by the state on payment of land taxes to space activity entities	53 809	100 212
Subvention from the State Budget to local budgets for payment of monetary compensation for the premises belonging to the families of victims	51 529	31 603
Subvention from the State Budget to local budgets to provide high-quality, modern and affordable, general secondary education "New Ukrainian School"	53 421	55 169
Subvention from the State Budget to local budgets to support persons with special educational needs	34 123	16 794
Subvention from the state budget to local budgets for the implementation of measures aimed at improving the quality of education	25 618	-
Subvention from the State Budget to local budgets to reimburse for medicines required for treatment of certain diseases	18 986	84 682
Субвенція з державного бюджету місцевим бюджетам на виплату державної соSubvention from the State Budget to local budgets to pay state social aid to orphaned children and children deprived of parental care and cash cover to foster and adopting parents for rendering social services	14 421	12 693
Subvention from the State Budget to local budgets to perform construction/capital repairs/redevelopment of small group houses, homes of supported living, construction/purchase of housing for family-like orphanages, social housing for orphaned children and children deprived of parental care, persons belonging to them, preparation of design estimates	13 524	8 915
Subvention from the State Budget to local budgets for the purchase of medicines and medical devices for emergency medical care	10 438	10 345

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Subvention from the state budget to local budgets for the payment of monetary compensation for appropriate housing	2 088	-
Subvention from the state budget for Health Care facilities	1 420	1 203
Subvention from the State Budget to local budgets to pay monetary compensation for housing of internally displaced persons	1 184	6 977
Subvention from the State Budget to local budgets to upgrade and improve material and technical facilities of state-owned vocational schools	629	4 757
<b>Total subventions and donations</b>	<b>12 217 557</b>	<b>13 513 775</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Single tax	6 915 598	5 486 431
Rental fees for the use of natural resources	3 157 390	2 862 860
Land tax	2 637 986	1 851 711
Property tax, other than on land	1 164 308	751 750
Transport tax	81 699	94 961
Tourist tax	63 629	32 984
Parking fee for vehicles	35 716	32 041
Other local taxes and general fund fees (refunds)	77	(829)
<b>Total local taxes and general fund fees</b>	<b>14 056 403</b>	<b>11 111 908</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
License and certificate fees	185 458	178 907
Rental proceeds	101 983	87 572
State custom duties	38 882	34 927
State registration fees	34 824	31 811
Other administrative service fees	280 239	326 523
<b>Total administrative fees and charges, revenue from non- commercial business activities</b>	<b>641 386</b>	<b>659 740</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Rent fees for the special use of water	39 071	44 857
Rent fees for the use of mineral resources	6 455	6 253
Rent fees for the special use of forest resources	1 426	1 626
Fees for the use of other natural resources	183	182
<b>Total duties and fees for the special use of natural resources</b>	<b>47 135</b>	<b>52 918</b>





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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Administrative penalties and other sanctions		228
Proceeds on disposal of abandoned properties, findings, inherited property, property received by the community as inheritance or gift, and currency valuables or cash of unknown owners		-
Other proceeds	28 765	55 602
<b>Total non-tax proceeds and other budget revenue</b>	<b>28 765</b>	<b>55 830</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Receipts of budget entities from enterprises, organizations, individuals and other budgetary institutions for special purpose activities	1 903 826	1 584 049
Charitable contributions, grants and gifts	947 337	1 015 113
Fees for services provided by budget entities in the normal course of their primary activities	803 340	799 763
Rental fees for properties of budget entities	153 900	149 203
<b>Total income from exchange transactions of budget institutions</b>	<b>3 808 403</b>	<b>3 548 128</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Proceeds from customs duties transferred to local budgets	-	248 567
Environmental tax	36 416	42 158
Other taxes and charges	-	(226)
<b>Total taxes and other charges to the Special Fund</b>	<b>36 416</b>	<b>290 499</b>

**30. Other non-tax proceeds**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Proceeds from interest participation in infrastructure development	284 227	480 143
Proceeds from compensated losses of agricultural and forestry production	3 695	6 302
Other proceeds	18	31
<b>Total other non-tax proceeds</b>	<b>287 940</b>	<b>486 476</b>

**31. Subventions (the Special Fund)***In thousands of Ukrainian hryvnias*

	2019	2018
Subvention from the State Budget to local budgets to repay difference between actual value of heat energy, centralized heat supply services, hot water supply, centralized water supply and disposal, cold water supply and disposal (with the use of internal building systems) that were manufactured, transported, and supplied to households and/or other heat supply, centralized drinking water supply and disposal entities engaged in rendering such services to households and tariffs approved and/or agreed by central or local government authorities	-	729 558
Subvention from the state budget to local budgets for financial support of construction, reconstruction, repair and maintenance of public roads of local importance, streets and roads of municipal property in settlements	-	1 153 086
Subvention from the state budget to local budgets for the implementation of measures for the socio-economic development of certain territories	1 470 910	-
<b>Total subventions (the Special Fund)</b>	<b>1 470 910</b>	<b>1 882 644</b>

**32. Income from exchange transactions of municipal and corporate entities***In thousands of Ukrainian hryvnias*

	2019	2018
Housing and utilities	19 330 026	10 756 887
Transport, road facilities, communication, telecommunications	4 657 173	4 657 173
Health Care	2 747 118	2 300 046
Other services related to economic activities	1 483 606	866 252
Construction	829 077	3 451 494
Culture and arts	625 391	201 306
Education	37 823	9 957
Other income from exchange transactions	392 015	852 068
<b>Total income from exchange transactions of municipal and corporate entities</b>	<b>32 566 260</b>	<b>23 095 183</b>

**33. Other income of budget, communal and corporate entities***In thousands of Ukrainian hryvnias*

	2019	2018
Income from depreciation of gratuitously received non-current assets	832 172	-
Assets received free of charge	702 603	4 427 901
Income from discounting long-term liabilities	552 798	-
Income in the amount of accrued depreciation of non-current assets acquired through budget financing	380 005	-
Depreciation income from budget funds	304 009	-
Proceeds from previously received government grants related to assets	120 520	-
Recognition of a grant to be repaid to the EBRD	132 497	-
Revenues from reimbursement from the budget of expenses on exchange rate differences and other payments related to loan repayment	106 439	-
Rental income	64 300	301 145



<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Income in the amount of accrued depreciation from gratuitously received non-current assets by the decision of the Kyiv City State Administration	52 295	-
Accrued interest of banks on the balance of funds	49 205	-
Income from liquidation	12 252	9 009
Fines, penalties, penalties	7 807	12 155
Equipment maintenance and placement services	27 083	-
Other income	2 269 929	1 466 186
<b>Total other revenues of budget, utility and joint-stock companies</b>	<b>5 613 914</b>	<b>6 216 396</b>

## EXPENSES

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

### 34. Housing and utilities

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Consumables and other materials	12 199 789	1 368 495
Payroll and salary related charges	2 802 118	2 490 698
Depreciation	2 006 911	1 807 295
Social security benefits	931 057	1 572 795
Used services	984 395	637 238
Water, heating, energy and other utilities	755 556	5 968 303
Repair and maintenance expenses	598 309	455 788
Taxes and charges to the State Budget	151 963	70 441
Rental expenses	3 524	1 987
Transportation	126 656	1 357
Other expenses	2 369 962	2 198 022
<b>Total housing and utilities</b>	<b>22 930 240</b>	<b>16 572 419</b>

### 35. Education

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Payroll and salary related charges	10 329 584	9 092 919
Water, heating, electricity and other utilities	2 168 652	457 791
Repair and maintenance costs	1 534 322	776 940
Consumables and other materials	1 071 805	1 745 494
Used services	276 798	190 893
Social assistance payments	151 129	804 088
Amortization	31 059	-
Rental costs	25 973	1 292
Transportation costs	1 145	523
Other expenses	2 839 214	3 205 668
<b>Total education</b>	<b>18 429 681</b>	<b>16 275 608</b>

**36. Health care**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Payroll and salary related charges	6 601 907	8 604 743
Consumables and other materials	2 583 748	1 212 949
Social assistance payments	1 682 458	519 190
Amortization	756 411	296 583
Repair and maintenance costs	267 234	65 635
Water, heating, electricity and other utilities	237 172	20 190
Used services	111 103	16 604
Taxes and fees to the state budget	6 816	28 426
Other expenses	3 436 374	2 512 881
<b>Total health care</b>	<b>15 683 223</b>	<b>13 277 201</b>

**37. Construction**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Repair and maintenance costs	509 273	84 047
Consumables and other materials	373 218	52 638
Wages and payroll	167 914	516 366
Used services	31 233	256
Amortization	5 158	3 136
Transportation costs	3 601	748
Taxes and fees to the state budget	2 125	2 714
Water, heating, electricity and other utilities	909	786
Other expenses	1 600 058	2 882 071
<b>Total construction</b>	<b>2 693 489</b>	<b>3 542 762</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Wages and payroll	3 571 602	1 925 933
Social assistance payments	2 719 949	-
Amortization	2 717 040	908 602
Consumables and other materials	2 262 259	1 124 902
Water, heating, electricity and other utilities	1 027 506	27 650
Repair and maintenance costs	246 004	6 196
Used services	228 969	88 446
Taxes and fees to the state budget	18 980	-
Transportation costs	4 813	-
Rental costs	471	-
Other expenses	6 812 806	9 034 259
<b>Total transport, roads, communications, telecommunications and computer science</b>	<b>19 610 399</b>	<b>13 115 988</b>



**39. Social care and social security**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Benefits, subsidies and other social benefits	6 680 881	6 964 805
Wages and payroll	723 630	568 164
Used services	8 933	27 837
Repair and maintenance costs	8 799	45 847
Consumables and other materials	3 230	458 545
Water, heating, electricity and other utilities	2 614	44 661
Other expenses	892 809	949 432
<b>Total social protection and social security</b>	<b>8 320 896</b>	<b>9 059 291</b>

**40. Culture and arts**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Payroll and salary related charges	854 713	695 599
Repair and maintenance costs	119 322	190 383
Depreciation	85 348	58 247
Consumables and other materials	60 110	87 874
Used services	56 886	40 494
Water, heating, electricity and other utilities	33 974	21 294
Other expenses	731 282	618 582
<b>Total culture and arts</b>	<b>1 941 635</b>	<b>1 712 473</b>

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

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Used services	859 994	824 367
Payroll and salary related charges	275 195	357 183
Consumables and other materials	10 425	66 735
Research and development, individual activities for the implementation of state (regional) programs	-	40 508
Depreciation	20 647	15 798
Water, heating, energy and other utilities	10 287	9 838
Repair and maintenance expenses	1 904	6 905
Rental expenses	9 067	237
Other expenses	725 630	2 135 234
<b>Total other services related to economic activities</b>	<b>1 913 149</b>	<b>3 456 805</b>

**42. State administration**

<i>In thousands of Ukrainian hryvnias</i>	<b>2019</b>	<b>2018</b>
Payroll and salary related charges	1 706 669	1 532 766
Repair and maintenance costs	155 522	27 293
Used services	139 566	140 929
Social assistance payments	123 526	-
Consumables and other materials	54 528	323 255
Water, heating, electricity and other utilities	39 409	47 965
Other expenses	282 712	196 914
<b>Total public administration</b>	<b>2 501 932</b>	<b>2 269 122</b>



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

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

In 2019, the vast majority of these funds were presented by a subvention from the local budget to the state budget for the implementation of programs of socio-economic and cultural development of the regions and amounted to UAH 149 452 thousand (2018: UAH 149 964 thousand).

### 44. Financial expenses

*In thousands of Ukrainian hryvnias*

	2019	2018
Interest expenses	1 645 553	1 256 060
Depreciation of discount on long-term debt	200 456	-
Expenses for discounting liabilities under pension plans	67 850	-
Interest on financial leasing	2 974	-
Exchange rate difference	-	522 994
Other expenses	2 899	-
<b>Total financial costs</b>	<b>1 919 732</b>	<b>1 779 054</b>

### 45. Contingents and other liabilities

The City believes that appropriate provisions have been established for all material liabilities in this consolidated financial information.

Operating lease obligations. Future minimum payments under operating leases are as follows:

*In thousands of Ukrainian hryvnias*

	December 31, 2019	December 31, 2018
Up to 1 year	72	56 328
From 1 to 5 years	54 539	57 496
More than 5 years	-	2 955
<b>Total future minimum lease payments</b>	<b>64 611</b>	<b>116 779</b>

As of December 31, 2019 ME «Kyivavtodor» (Kyiv Road Service) has liabilities under the signed con-

tracts for the sum of UAH 32,280 thousand (as of December 31, 2018 — UAH 2,202,421 thousand).

### 46. Financial risk management

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

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

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

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

As of December 31, 2019:

<i>In thousands of Ukrainian hryvnias</i>	Fair value			Carrying value
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Investments	-	-	19 586	19 586
Receivables	-	-	17 001 959	17 001 959
<b>Non-financial assets</b>				
Fixed assets	-	-	139 870 004	139 870 004
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>156 891 549</b>	<b>156 891 549</b>
<b>Financial liabilities</b>				
Payables	-	-	10 137 746	10 137 746
Loan	-	-	11 392 547	11 392 547
<b>Total commitment</b>	<b>-</b>	<b>-</b>	<b>21 530 293</b>	<b>21 530 293</b>

As of 31 December 2019, the fair value of issued Eu-robononds that were not serviced as at 31 December 2019 and for which there were no transactions in an active market has not been determined and, accordingly, not disclosed.

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

As of December 31, 2018:

<i>In thousands of Ukrainian hryvnias</i>	Fair value			Carrying value
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Investments	-	-	19 889	19 889
Receivables	-	-	14 825 570	14 825 570
<b>Non-financial assets</b>				
Property, plant and equipment	-	-	119 584 567	119 584 567
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>134 430 026</b>	<b>134 430 026</b>
<b>Financial liabilities</b>				
Payables	-	-	12 917 443	12 917 443
Borrowings	-	-	18 289 229	18 289 229
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>31 206 672</b>	<b>31 206 672</b>

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

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

**Credit risk**

Credit risk is the risk of financial loss of the City in case of non-performance by customers or parties of financial instruments of their obligations under the contract. This risk is mainly related to investments,

receivables and cash, cash equivalents of the City. The maximum amount of credit risk is represented by the carrying amount of financial assets.

The total maximum amount of credit risk is given below:

<i>In thousands of Ukrainian hryvnias</i>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Investments	19 586	19 889
Receivables	17 001 959	14 825 570
Cash and cash equivalents	5 023 638	4 487 752
<b>Maximum exposure to credit risk</b>	<b>22 045 183</b>	<b>19 333 211</b>

**Liquidity risk**

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

The following tables show the liabilities of the city as at December 31, 2019 and 2018 by their remaining contractual maturity. The amounts disclosed in the

maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amounts recognized in the consolidated statement of financial position because the amounts in the consolidated statement of financial position are based on discounted cash flows.

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

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

<i>In thousands of Ukrainian hryvnias</i>	<b>On demand and less than 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Other</b>	<b>Total</b>
<b>Liabilities</b>						
Borrowings	3 688 454	15 585	4 714 130	2 974 378	-	11 392 547
Payables	4 562 799	197 587	1 336 819	-	4 040 541	10 137 746
<b>Total liabilities</b>	<b>8 251 253</b>	<b>213 172</b>	<b>6 050 949</b>	<b>2 974 378</b>	<b>4 040 541</b>	<b>21 530 293</b>

The table below provides an analysis of financial liabilities as of December 31, 2018:

<i>In thousands of Ukrainian hryvnias</i>	<b>On demand and less than 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Other</b>	<b>Total</b>
<b>Liabilities</b>						
Borrowings	3 688 454	5 274 759	9 326 016	-	-	18 289 229
Payables	5 334 080	757 022	3 113 516	4 484	3 708 341	12 917 443
<b>Total liabilities</b>	<b>9 022 534</b>	<b>6 031 781</b>	<b>12 439 532</b>	<b>4 484</b>	<b>3 708 341</b>	<b>31 206 672</b>

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

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



**Foreign currency risk.** The city is exposed to the foreign currency risk as a result of attracting financing from third parties. Issued Eurobonds represent financial liabilities denominated in foreign

currencies and a line of credit received from the European Bank for Reconstruction and Development and the Nordic Environment Finance Corporation (Note 15).

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

<i>In thousands of Ukrainian hryvnias</i>	<b>Impact on surplus or deficit</b>	
	<b>as of December 31, 2019</b>	<b>as of December 31, 2018</b>
USD strengthening by 30%	(688 255)	(1 290 473)
USD weakening by 10%	688 255	1 290 473
EUR strengthening 30%	(47 382)	(123 558)
EUR weakening by 10%	47 382	123 558

**Interest rate risk.** The city is exposed to risk due to the impact of fluctuations in the dominant levels of market interest rates on its financial position and cash flows. The table below shows the risk concentration of the city's interest rates. The

table includes the assets and liabilities of the City by balance sheet amounts grouped into categories according to the timing of the revision of the interest rate in accordance with the contract or maturity, whichever is earlier.

<i>In thousands of Ukrainian hryvnias</i>	<b>On demand and less than 6 months</b>	<b>From 6 to 12 months</b>	<b>From 1 to 5 years</b>	<b>More than 5 years</b>	<b>Other</b>	<b>Non-monetary articles<sup>1</sup></b>	<b>Total</b>
<b>December 31, 2019</b>							
Total financial assets	11 697 906	502 141	-	-	9 825 550	19 586	22 045 183
Total financial liabilities	(8 251 253)	(213 172)	(6 050 949)	(2 974 378)	(4 040 541)	-	(21 530 293)
<b>Net financial assets as of December 31, 2019</b>	<b>3 446 653</b>	<b>288 969</b>	<b>(6 050 949)</b>	<b>(2 974 378)</b>	<b>5 785 009</b>	<b>19 586</b>	<b>514 890</b>
<b>December 31, 2018</b>							
Total financial assets	8 051 321	117 302	-	-	11 144 699	19 889	19 333 211
Total financial liabilities	(9 022 534)	(6 031 781)	(12 439 532)	(4 484)	(3 708 341)	-	(31 206 672)
<b>Net financial assets as of December 31, 2018</b>	<b>(971 213)</b>	<b>(5 914 479)</b>	<b>(12 439 532)</b>	<b>(4 484)</b>	<b>7 436 358</b>	<b>19 889</b>	<b>(11 873 461)</b>

## 47. Presentation of financial instruments by measurement categories

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

<i>In thousands of Ukrainian hryvnias</i>	<b>Loans and receivables</b>	<b>Assets available for sale</b>	<b>Total</b>
<b>Financial assets</b>			
Investments	-	19 586	19 586
Accounts receivable on exchange transactions	17 001 959	-	17 001 959
Cash and cash equivalents	5 023 638	-	5 023 638
<b>Total financial assets</b>	<b>22 025 597</b>	<b>19 586</b>	<b>22 045 183</b>
<b>Financial liabilities</b>			
Loans	11 392 547	-	11 392 547
Payables	10 137 746	-	10 137 746
<b>Total financial liabilities</b>	<b>21 530 293</b>	<b>-</b>	<b>21 530 293</b>

The following are financial instruments by valuation categories as of December 31, 2018:

<i>In thousands of Ukrainian hryvnias</i>	<b>Loans and receivables</b>	<b>Assets available for sale</b>	<b>Total</b>
<b>Financial assets</b>			
Investments	-	19 889	19 889
Accounts receivable on exchange transactions	14 825 570	-	14 825 570
Cash and cash equivalents	4 487 752	-	4 487 752
<b>Total financial assets</b>	<b>19 313 322</b>	<b>19 889</b>	<b>19 333 211</b>
<b>Financial liabilities</b>			
Loans	18 289 229	-	18 289 229
Payables	12 917 443	-	12 917 443
<b>Total financial liabilities</b>	<b>31 206 672</b>	<b>-</b>	<b>31 206 672</b>

## 48. Segment information

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

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

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

Segments are managed by the Kyiv City State Administration.



The following information by segment for 2019 is represented below:

<i>In thousands of Ukrainian hryvnias</i>	<b>Budget of the city of Kyiv</b>	<b>Governance</b>	<b>Construction</b>	<b>Utilities</b>	<b>Healthcare</b>
<b>Revenues by segments</b>					
Appropriations from the budget	-	7 262 542	-	162 264	6 097 499
Revenues from external sources	62 219 576	573 331	872 812	22 667 123	3 764 902
<b>Segment costs</b>					
Total segment costs	(28 017 488)	(7 522 235)	(856 574)	(22 464 914)	(10 547 382)
Cross-segment costs	(33 328 717)	-	-	-	-
<b>Surplus / (deficit) from operating activities</b>	<b>873 371</b>	<b>313 638</b>	<b>16 238</b>	<b>364 473</b>	<b>(684 981)</b>
Financial expenses	-	(229 127)	(949)	(204 567)	-
<b>Surplus / (deficit) for the reporting period</b>	<b>873 371</b>	<b>84 512</b>	<b>15 290</b>	<b>159 907</b>	<b>(684 981)</b>
<b>Other information</b>					
Segment assets	-	5 165 157	10 048 919	37 376 201	17 168 527
Segment liabilities	-	1 329 280	8 007 065	23 698 423	1 296 342

The following information by segment for 2018 is represented below:

<i>In thousands of Ukrainian hryvnias</i>	<b>Budget of the city of Kyiv</b>	<b>Governance</b>	<b>Construction</b>	<b>Utilities</b>	<b>Healthcare</b>
<b>Revenues by segments</b>					
Appropriations from the budget	-	2 675 202	-	-	5 136 659
Revenues from external sources	57 130 913	2 249 044	3 553 428	9 779 078	3 327 057
Intersegment income	-	33 767	900	174 873	379 459
<b>Segment costs</b>					
Total segment costs	(27 301 756)	(10 169 042)	(3 458 517)	(14 207 676)	(8 709 931)
Cross-segment costs	(30 899 737)	(25 014)	(379)	(186 253)	(333 310)
<b>Surplus / (deficit) from operating activities</b>	<b>(1 070 580)</b>	<b>(5 236 043)</b>	<b>95 432</b>	<b>(4 439 978)</b>	<b>(200 066)</b>
Financial expenses	-	(372 104)	(4 341)	(41)	-
The share of the deficit of associated companies					
<b>Surplus / (deficit) for the reporting period</b>	<b>(1 070 580)</b>	<b>(5 608 147)</b>	<b>91 091</b>	<b>(4 440 019)</b>	<b>(200 066)</b>
<b>Other information</b>					
Segment assets		3 119 856	25 865 438	63 409 762	13 526 172
Segment liabilities		698 318	22 198 801	19 490 300	1 168 456

Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
13 687 869	42 124	6 076 419	<b>33 328 717</b>
796 164	7 353 281	3 018 955	<b>101 266 144</b>
(14 738 668)	(10 867 203)	(9 182 457)	<b>(104 196 921)</b>
-	-	-	<b>(33 328 717)</b>
<b>(254 635)</b>	<b>(3 471 798)</b>	<b>(87 083)</b>	<b>(2 930 777)</b>
-	(135 875)	(646)	<b>(571 164)</b>
<b>(254 635)</b>	<b>(3 607 673)</b>	<b>(87 731)</b>	<b>(3 501 940)</b>
10 319 402	76 528 480	8 975 969	<b>165 582 655</b>
369 734	35 007 641	1 652 378	<b>71 360 862</b>
Education	Transport, roads, communications, telecommunications and information technologies	Other segments	Total by segments
3 909 855	18 632	19 159 389	<b>30 899 737</b>
613 203	8 714 734	2 894 456	<b>88 261 913</b>
60 741	49 738	9 319	<b>708 797</b>
(12 166 370)	(8 460 769)	(9 138 996)	<b>(93 613 057)</b>
(60 269)	(37 742)	(1 621)	<b>(31 544 325)</b>
<b>(7 642 840)</b>	<b>284 593</b>	<b>12 922 547</b>	<b>(5 286 935)</b>
-	(144 272)	(2 236)	<b>(522 994)</b>
<b>(7 642 840)</b>	<b>140 321</b>	<b>12 920 311</b>	<b>(5 809 929)</b>
6 939 156	57 155 022	9 093 105	<b>179 108 511</b>
317 956	19 653 392	1 764 550	<b>65 291 773</b>

#### 49. Events after the reporting date

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



## FOR NOTES

## FOR NOTES



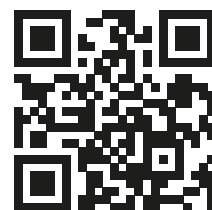
## FOR NOTES





Executive Body  
of the Kyiv City Council  
(Kyiv City State Administration)

36 Khreshchatyk Street  
Kyiv, 01044, Ukraine  
[kyivcity.gov.ua](http://kyivcity.gov.ua)



# 2019

CITY OF KYIV. Annual Report  
FINANCIAL INFORMATION



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