STATE INSTITUTION “ENERGY EFFICIENCY FUND”

International Financial Reporting Standards

Financial Statements and

Independent Auditor’s Report

For the year ended 31 December 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and the Board of Directors
STATE INSTITUTION “ENERGY EFFICIENCY FUND”

Report on the audit of the financial statements

Opinion

We have audited the financial statements of State Institution “Energy Efficiency Fund” (hereinafter referred to as the “Company”), which comprise the Balance Sheet (Statement of Financial Position) as at 31 December 2020, the Statement of Financial Performance (Statement of Comprehensive Income), the Statement of Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements for the preparation of financial statements set out in the Law of Ukraine *On Accounting and Financial Reporting in Ukraine* No. 996-XIV of 16 July 1999.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants *(IESBA Code)* and ethical requirements applicable in Ukraine to our audit of the financial statements, and perform other duties of ethics in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Explanatory paragraph – effects of a pandemic and economic crisis and political instability

We draw attention to Note 7.3 in the financial statements, which states that the effects of the continuing Ukraine's and global economic crisis, political instability and epidemiological situation related to the COVID-19 coronavirus disease spread as well as the outcome thereof could not reasonably be predicted and all of this can have a negative impact on Ukraine's economy and Company's operations.

Our opinion is not modified in respect of these matters.

Other matters

The Company's financial statements for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2020.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements for the preparation of financial statements set out by the Law of Ukraine *On Accounting and Financial Reporting in Ukraine* No. 996-XIV of 16 July 1999, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

1	Audit firm name	KRESTON GCG AUDIT LLC
2	Legal entity identification code	31586485
3	Audit firm registration number in the Register of auditors and audit entities	2846

The key audit partner on the audit resulting in this independent auditor's report is Yevhenii Popov.
Registration number in the Register of auditors and audit entities: 101045

For and on behalf of Kreston GCG Audit LLC

Director
Andrii Domrachov
Registration number in the Register of auditors and audit entities: 101004

BC Palladium City
172 Antonovycha Street,
Kyiv, 03680, Ukraine

9 April 2021

1. Statement of compliance with International Financial Reporting Standards

The financial statements of the State Institution "Energy Efficiency Fund" (hereinafter — **the Fund**) are general purpose financial statements which have been prepared for the purpose of presenting fairly the Fund's financial position, financial performance and cash flows in order to meet the requirements of a wide range of users in making economic decisions.

The conceptual basis of these financial statements are accounting policies and principles based on the requirements of International Financial Reporting Standards (hereinafter — **IFRS**), International Accounting Standards (IAS) and Interpretations (IFRIC, SIC), as issued by the International Accounting Standards Board (IASB) at 1 January 2020 and are officially published on the website of the Ministry of Finance of Ukraine.

In preparing the financial statements, the Fund was also guided by the requirements of national legislative and regulatory acts on the organization and maintenance of accounting and the preparation of financial statements in Ukraine, to the extent they do not conflict with the IFRS requirements.

The financial statements prepared by the Fund clearly and without any qualifications comply with each IFRS effective, including the changes made by the IASB as of January 1, 2020, compliance with which ensures a fair presentation of information in the financial statements, namely, relevant, reliable, comparable and understandable information.

These financial statements comprise:
• Form No. 1 Balance Sheet (Statement of Financial Position)
• Form No. 2 Statement of Financial Performance (Statement of Comprehensive Income)
• Form No. 3 Statement of Cash Flows (direct method)
• Form No. 4 Statement of Equity
• Notes to the financial statements in accordance with IFRS requirements.

These notes are an integral part of the financial statements and correspond to the Fund's financial position and activities.

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

2. Balance Sheet (Statement of Financial Position) as at 31 December 2020

Annex 1to the National Accounting Regulation (Standard) 1
General Requirements for Financial Statements

		CODES		
Date (year, month, day)		2020	12	31
Entity **STATE INSTITUTION “ENERGY EFFICIENCY FUND”**	EDRPOU	42325431		
Territory City of Kyiv Pecherskyi district	KOATUU	8038200000		
Organisational and legal form **other organizational and legal forms**	KOPFG	900		
Type of economic activity other financial support activities, except insurance and pension funding	KVED	66.19		

Average number of employees[1] **41**

Address: 24 Dilova Street, Kyiv, 03150, tel.: 044 222-95-90

Measurement unit: thousands of hryvnias without decimals (apart from section IV Statement of financial results (Statements of comprehensive income)
(Form No. 2), which is presented in hryvnias and kopeks)

Prepared by (mark "v" in appropriate cell):

Under the provisions (standards) on accounting	
Under International Financial Reporting Standards	**V**

Balance Sheet (Statement of Financial Position)
as at 31 December 2020

Form No. 1 DKUD code 1801001

Assets	Line code	At the beginning of the reporting period	At the end of the reporting period	Note
1	2	3	4	5
I. Non-current assets				
Intangible assets	1000	181	308	**10.1**
historical cost	1001	193	363	
accumulated depreciation	1002	(12)	(55)	
Construction in progress	1005	-	-	
Property, plant and equipment	1010	1 067	2 817	**10.2**
historical cost	1011	1 128	3 162	
depreciation	1012	(61)	(345)	
Investment property	1015	-	-	
Non-current biological assets	1020	-	-	
Non-current financial investments: accounted for using the equity method	1030	-	-	
other financial investments	1035	-	-	
Non-current receivables	1040	-	-	
Deferred tax assets	1045	-	-	
Other non-current assets	1090	-	-	
Total Section I	**1095**	**1 248**	**3 125**	
II. Current assets				
Inventories	1100	28	258	**10.3**
Current biological assets	1110	-	-	
Trade receivables	1125	-	-	
Receivables related to: advances paid	1130	197	665	**10.4**
budget settlements	1135	-	1	
including income tax	1136	-	-	

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Accounts receivable for settlements on accrued income	1140	-	716	**10.5**
Other current receivables	1155	25	68	**10.6**
Current financial investments	1160	-	-	
Cash and cash equivalents	1165	2 705 860	2 665 600	**10.7**
Prepaid expenses	1170	-	-	
Other current assets	1190	-	3	**10.8**
Total Section II	**1195**	**2 706 110**	**2 667 311**	
III. Non-current assets held for sale and disposal groups	**1200**			
Balance	**1300**	**2 707 358**	**2 670 436**	
Equity and liabilities	**Line item**	**At the beginning of the reporting period**	**At the end of the reporting period**	**Note**
1	2	3	4	5
I. Equity Registered (share) capital	1400	2 719 329	2 719 329	**10.9**
Revaluation surplus	1405			
Additional paid-in capital	1410			
Reserve capital	1415			
Retained earnings (accumulated deficit)	1420	(16 494)	(460 232)	
Unpaid capital	1425	-	-	
Withdrawn capital	1430	-	-	
Total Section I	**1495**	**2 702 835**	**2 259 097**	
II. Non-current liabilities and provisions Deferred tax liabilities	1500			
Non-current bank loans	1510			
Other non-current liabilities	1515			
Non-current provisions	1520	2 227	385 777	**10.10**
Targeted financing	1525			
Total Section II	**1595**	**2 227**	**385 777**	
III. Current liabilities and provisions Short-term bank loans	1600			
Current payables relating to: long-term debt	1610			
goods and services	1615	20	4 932	**10.11**
budget settlements	1620	24	-	**10.12**
including income tax	1621			
insurance	1625	16	-	**10.13**
payroll	1630	108	102	**10.14**
Current provisions	1660	1 188	19 782	**10.15**
Deferred income	1665	939	746	**10.16**
Other current liabilities	1690	1	-	**10.17**
Total Section III	**1695**	**2 296**	**25 562**	
IV. Liabilities related to non-current assets held for sale and disposal groups	**1700**			
Balance	**1900**	**2 707 358**	**2 670 436**	

Director — Yuliia Holovatiuk-Unhurianu
Chief Accountant — Valentyna Kulinska

[1] Determined according to the procedure set up by the central executive body that implements the state policy in the field of statistics

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

3. Statement of Financial Performance (Statement of Comprehensive Income) for the year ended 31 December 2020

		CODES		
	Date (year, month, day)	2020	12	31
Entity **State Institution “Energy Efficiency Fund”** (name)	EDRPOU	42325431		

Statement of Financial Performance (Statement of Comprehensive Income)
for 2020

Form No. 2 DKUD code 1801003

I. Financial performance

Item	**Line code**	**For the reporting period**	**For the similar period of the prior year**	**Notes**
1	2	3	4	5
Net sales revenue	2000	-	-	
Cost of sales	2050	-	-	
Gross: profit	2090	-	-	
loss	2095	-	-	
Other operating income	2120	2 126	-	**10.21**
Administrative expenses	2130	(34 334)	(13 282)	**10.18**
Distribution expenses	2150	(5 578)	(94)	**10.19**
Other operating expenses	2180	(391 622)	(2 920)	**10.20**
Financial result from operating activities: profit	2190	-	-	
loss	2195	(429 408)	(16 296)	
Equity earnings	2200	-	-	
Other finance income	2220	-	-	
Other income	2240	370	89	**10.22**
Finance costs	2250	(14 700)	(35)	**10.23**
Equity losses	2255	-	-	
Other expenses	2270	-	-	
Financial result before tax: profit	2290	-	-	
loss	2295	(443 738)	(16 242)	
Income tax expense (benefit)	2300	-	-	
Profit (loss) on discontinued operations after taxation	2305	-	-	
Net financial result: profit	2350	-	-	
loss	2355	(443 738)	(16 242)	

II. Comprehensive income

Item	**Line code**	**For the reporting period**	**For the similar period of the prior year**	**Notes**
1	2	3	4	5
Upward (downward) revaluation of non-current assets	2400	-	-	
Upward (downward) revaluation of financial instruments	2405	-	-	
Accumulated exchange differences	2410	-	-	

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Share of other comprehensive income of associates and joint ventures	2415	-	-	
Other comprehensive income	2445	-	-	
Other comprehensive income before taxation	2450	-	-	
Income tax related to items of other comprehensive income	2455	-	-	
Other comprehensive income after taxation	2460	-	-	
Comprehensive income (sum of lines 2350, 2355 and 2460)	**2465**	**(443 738)**	**(16 242)**	

III. Elements of operating expenses

Item	**Line code**	**For the reporting period**	**For the similar period of the prior year**	**Notes**
1	2	3	4	5
Material costs	2500	1 124	259	**10.24**
Employment costs	2505	23 713	9 963	**10.25**
Social charges	2510	4 963	2 032	**10.26**
Depreciation and amortisation	2515	327	73	**10.27**
Other operating expenses	2520	401 407	3 969	**10.28**
Total	2550	**431 534**	**16 296**	

IV. EARNINGS PER SHARE

Item	Line code	For the reporting period	For the similar period of the prior year	Notes
1	2	3	4	5
Average annual number of ordinary shares	2600	-	-	
Diluted average annual number of ordinary shares	2605	-	-	
Net earnings (loss) per ordinary share	2610	-	-	
Diluted net earnings (loss) per ordinary share	2615	-	-	
Dividends per ordinary share	2650	-	-	

Director Yuliia Holovatiuk-Unhurianu

Chief Accountant Valentyna Kulinska

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

4. Statement of Cash Flows (direct method) for the year ended 31 December 2020

		CODES	
Date (year, month, day)	2020	12	31
EDRPOU	42325431		

Entity **State Institution “Energy Efficiency Fund”**
(name)

Statement of cash flows (direct method)
for 2020

Form No. 3 DKUD code **1801004**

Item	Line code	For the reporting period	For the similar period of the prior year	Notes
1	2	3	4	5
I. Cash flows from operating activities Receipts from: Sales of finished goods (merchandise, works, services)	3000	-	-	
Refunds of taxes and duties	3005	-	-	
including value added tax	3006	-	-	
Targeted financing	3010	-	1 219 333	**10.29**
Other inflows	3095	122	11	**10.30**
Interest earned on current account balances	3025	1 410	-	
Payments of: goods (works, services)	3100	(5 571)	(1 243)	**10.31**
Payroll	3105	(18 602)	(7 744)	
Social charges	3110	(4 901)	(1 967)	
Taxes and duties payable	3115	(4 520)	(1 878)	
Advances paid	3135	(234)	(37)	**10.4**
Return of advances made	3140	-	-	
Targeted contributions	3145	-	-	
Other expenditures	3190	(5 076)	(190)	**10.32**
Net cash flow from operating activities	3195	-37 372	1 206 285	
II. Cash flows from investing activities Proceeds from sale of: financial investments	3200	-	-	
non-current assets	3205	-	-	
Proceeds from: interest	3215	-	-	
dividends	3220	-	-	
Receipts from derivatives	3225	-	-	
Other inflows	3250	-	-	
Payments for acquisition of: financial investments	3255	-	-	
non-current assets	3260	(2 888)	(318)	**10.33**
Payments for derivatives	3270	-	-	
Other payments	3290	-	-	
Net cash flow from investing activities	3295	-2 888	-318	
III. Cash flows from financing activities				

Receipts from: Equity	3300	-	-	
Loans received	3305	-	-	
Other inflows	3340	-	-	
Expenditure for: Purchase of treasury shares	3345	-	-	
Repayment of loans	3350	-	(5)	10.34
Payment of dividends	3355	-	-	
Other payments	3390	-	-	
Net cash flow from financing activities	3395	-	(5)	
Net cash flow for the reporting period	3400	- 40 260	1 205 962	
Cash and cash equivalents at the beginning of the year	**3405**	**2 705 860**	**1 499 898**	
Effect of exchange rate changes on cash and cash equivalents	3410	-	-	
Cash and cash equivalents at the end of the year	**3415**	**2 665 600**	**2 705 860**	

Director Yuliia Holovatiuk-Unhurianu

Chief Accountant Valentyna Kulinska

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

5. Statement of Equity for the year ended 31 December 2020

		CODES		
	Date (year, month, day)	2020	12	31
Entity	EDRPOU	42325431		

STATE INSTITUTION "ENERGY EFFICIENCY FUND"
(name)

Statement of Equity
for 2020

Form No. 4 DKUD code 1801005

Item	Line code	Registered (share) capital	Revaluation surplus	Additional paid-in capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	Withdrawn capital	Total	Notes
1	2	3	4	5	6	7	8	9	10	11
Balance at the beginning of the year	**4000**	2 719 329	-	-	-	(16 494)	-	-	2 702 835	
Adjustments: Changes in accounting policy	4005	-	-	-	-	-	-	-	-	
Correction of errors	4010	-	-	-	-	-	-	-	-	
Other changes	4090	-	-	-	-	-	-	-	-	
Adjusted balance at the beginning of the year	**4095**	2 719 329	-	-	-	(16 494)	-	-	2 702 835	
Net profit (loss) for the reporting period	**4100**	-	-	-	-	(443 738)	-	-	(443 738)	
Other comprehensive income for the reporting period	**4110**	-	-	-	-	-	-	-	-	
Distribution of profit: Payments to owners (dividends)	4200	-	-	-	-	-	-	-	-	
Transfer to stated capital	4205	-	-	-	-	-	-	-	-	
Transfer to reserve capital	4210	-	-	-	-	-	-	-	-	
Contributions of members: Contributions to equity	4240	-	-	-	-	-	-	-	-	
Repayment of unpaid capital	4245	-	-	-	-	-	-	-	-	
Withdrawal of capital: Repurchase of shares (stakes)	4260	-	-	-	-	-	-	-	-	
Resale of treasury shares (stakes)	4265	-	-	-	-	-	-	-	-	
Cancellation of treasury shares (stakes)	4270	-	-	-	-	-	-	-	-	
Withdrawal of share in equity	4275	-	-	-	-	-	-	-	-	
Other changes in equity	4290	-	-	-	-	-	-	-	-	

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

1	2	3	4	5	6	7	8	9	10	11
Total changes in equity	**4295**	-	-	-	-	(443 738)	-	-	(443 738)	
Balance at the end of year	**4300**	**2 719 329**	**-**	**-**	**-**	**(460 232)**	**-**	**-**	**2 259 097**	

Statement of Equity
for 2019

Form No. 4 DKUD code 1801005

Item	Line code	Registered (share) capital	Revaluation surplus	Additional paid-in capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	Withdrawn capital	Total	Notes
1	2	3	4	5	6	7	8	9	10	11
Balance at the beginning of the year	**4000**	1 600 000	-	-	-	(252)	(100 000)	-	1 499 748	
Adjustments: Changes in accounting policy	4005	-	-	-	-	-	-	-	-	
Correction of errors	4010	-	-	-	-	-	-	-	-	
Other changes	4090	-	-	-	-	-	-	-	-	
Adjusted balance at the beginning of the year	**4095**	1 600 000	-	-	-	(252)	(100 000)	-	1 499 748	
Net profit (loss) for the reporting period	**4100**	-	-	-	-	(16 242)	-	-	(16 242)	
Other comprehensive income for the reporting period	**4110**	-	-	-	-	-	-	-	-	
Distribution of profit: Payments to owners (dividends)	4200	-	-	-	-	-	-	-	-	
Transfer to stated capital	4205	-	-	-	-	-	-	-	-	
Transfer to reserve capital	4210	-	-	-	-	-	-	-	-	
Contributions of members: Contributions to equity	4240	1 119 329	-	-	-	-	-	-	1 119 329	
Repayment of unpaid capital	4245	-	-	-	-	-	100 000	-	100 000	
Withdrawal of capital: Repurchase of shares (stakes)	4260	-	-	-	-	-	-	-	-	
Resale of treasury shares (stakes)	4265	-	-	-	-	-	-	-	-	
Cancellation of treasury shares (stakes)	4270	-	-	-	-	-	-	-	-	
Withdrawal of share in equity	4275	-	-	-	-	-	-	-	-	
Other changes in equity	4290	-	-	-	-	-	-	-	-	
Total changes in equity	**4295**	1 119 329	-	-	-	(16 242)	100 000	-	1 203 087	
Balance at the end of year	**4300**	**2 719 329**	**-**	**-**	**-**	**(16 494)**	**-**	**-**	**2 702 835**	

Director Yuliia Holovatiuk-Unhurianu

Chief Accountant Valentyna Kulinska

6. General information

The State Institution “Energy Efficiency Fund” was incorporated by Resolution of the Cabinet of Ministers of Ukraine No. 1099 of December 20, 2017 in accordance with the Law of Ukraine “On Energy Efficiency Fund” No. 2095-VIII of June 8, 2017.

The Fund's full and abbreviated name:
in Ukrainian:
full - державна установа “Фонд енергоефективності”,
abbreviated - ДУ “Фонд енергоефективності”;
in English:
full - State Institution “Energy efficiency Fund”,
abbreviated - SI “Energy efficiency Fund”.

The Fund's legal and actual address:
Legal address: 24 Dilova Street, Kyiv 01033, 03150.
Actual address: 72A Zhylianska, Kyiv 01033, Ukraine
Contact phone number — (044) 222-9590
e-mail address - info@eefund.org.ua
website - https://eefund.org.ua/

The Fund's objective, principles and activities

The Fund is established to support the initiatives on energy efficiency, implement tools for stimulation and support of implementation of energy efficiency of buildings and energy saving measures (hereinafter - the energy efficiency measures), particularly, in residential sector taking into consideration the national plan on energy efficiency, on reduction of carbon dioxide emissions for the purpose of implementation of the Paris Agreement, implementation of acquis communautaire of the European Union and the Energy Community Treaty and to ensure compliance of Ukraine with its international obligations and commitments in the energy efficiency area.

The Fund is a state institution, a legal entity of public law.
EDRPOU code: 42325431.

The Fund is an institution that does not intend to make a profit and is registered with the Main Department of the State Tax Service of Ukraine in Kyiv as a non-profit organization by the Decision on inclusion of a non-profit organization in the Register No. 1826554600325 of August 6, 2018, with the status of non-profit: 0031 budgetary institution. Date of the non-profitability attribute assignment: July 24, 2018.

The Fund's registered paid-up share capital is UAH 2 719 329 220 (two billion seven hundred nineteen million three hundred twenty-nine thousand two hundred twenty). According to the Charter, the Fund's founder is the State represented by the Cabinet of Ministers of Ukraine.
The State's share in the Fund's share capital is 100%.

As at December 31, 2020 and December 31, 2019, the number of employees of the Fund was 54 and 34, respectively.
The Fund uses an automated form of accounting. The accounting department is headed by the Chief Accountant.

The Fund's managerial bodies are:
The Supervisory Board is the highest management body of the Fund
The Board of Directors is the Fund's executive authority that exercises current management of its activities.

The Fund's control bodies.

The Fund establishes the permanent Internal Audit Unit as a component of the internal control system.

The Internal Audit Unit is subordinated and reportable to the Supervisory Board and function on the basis of the regulation approved by the Supervisory Board.

7. Basis and general principles of preparation and compilation of financial statements

7 .1. Functional currency and presentation currency, the level of rounding

The functional currency of these financial statements is the national currency of Ukraine, hryvnia.

The financial statements values are presented in thousands of Ukrainian hryvnia rounded to the nearest thousand.

7.2. The reporting period of the financial statements

Statements have been prepared as of December 31, 2020 and for the reporting period - calendar year:

from January 1, 2020 to December 31, 2020.

The information disclosed in the financial statements is comparable, namely: financial information is disclosed for the reporting period and the similar period of the prior year.

The 2020 financial statements were approved on 28 February 2021.

7.3. The Fund's going concern

On 31 December 2019, COVID-19 global distribution began, which significantly affected the economic situation in Ukraine. As at the date of preparation of these financial statements, a significant number of companies in the country are forced to suspend or limit their activities until 28 February 2021 with the possibility of extending restrictive measures related to the pandemic in the event of low dynamics of disease reduction among the population. Measures taken to curb the spread of the virus include traffic restrictions, quarantine, social distances, suspension of infrastructure facilities, closure of borders of the country, etc., and slow down the economic activity of companies, including the Fund. Considering the specific activities of the entity, this impact is not significant.

Taking into account the aforementioned factors, management believes it is well placed to ensure going concern in the future. The going concern basis is appropriate for preparation of the financial statements in the absence of significant uncertainties that are beyond the control of the Fund and could make doubtful the possibility of the Fund to continue as a going concern.

7.4 Restatement of financial statements for the year ended December 31, 2019

In the reporting year, the Fund had to make adjustments (reclassifications) that affected the year ended December 31, 2019. The adjustments are related to the following events:

- for the year ended December 31, 2019, the Fund's prepaid expenses were presented excluding prepayments for services. This has resulted in understatement of Other Current Assets by UAH 160 thousand and overstatement of Prepaid Expenses by UAH 160 thousand;

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

- for the year ended December 31, 2019, the Fund's Administrative Expenses were overstated and Other Operating Expenses were understated by UAH 1 771 thousand after reposting of expenses for Supervisory Board salaries and UAH 14 thousand of other expenses.
- for the year ended December 31, 2019, the Fund's Distribution Expenses were overstated and Administrative expenses were understated by UAH 94 thousand after reposting of marketing costs.

Assets	**Line code**	**At the beginning of the reporting period**	**At the beginning of the reporting period (restated)**	**Adjustments**
1	2	3	4	5
I. Non-current assets Intangible assets	1000	181	181	
historical cost	1001	193	193	
accumulated depreciation	1002	(12)	(12)	
Construction in progress	1005	-	-	
Property, plant and equipment	1010	1 067	1 067	
historical cost	1011	1 128	1 128	
depreciation	1012	(61)	(61)	
Investment property	1015	-	-	
Non-current biological assets	1020	-	-	
Non-current financial investments: accounted for using the equity method	1030	-	-	
other financial investments	1035	-	-	
Non-current receivables	1040	-	-	
Deferred tax assets	1045	-	-	
Other non-current assets	1090	-	-	
Total Section I	**1095**	**1 248**	**1 248**	
II. Current assets Inventories	1100	28	28	
Current biological assets	1110	-	-	
Trade receivables	1125	-	-	
Receivables related to: advances paid	1130	37	197	**160**
budget settlements	1135	-	-	
including income tax	1136	-	-	
Accounts receivable for settlements on accrued income	1140	-	-	
Other current receivables	1155	25	25	
Current financial investments	1160	-	-	
Cash and cash equivalents	1165	2 705 860	2 705 860	
Prepaid expenses	1170	-	-	
Other current assets	1190	160	-	**(160)**
Total Section II	**1195**	**2 706 110**	**2 706 110**	
III. Non-current assets held for sale and disposal groups	**1200**			
Balance	**1300**	**2 707 358**	**2 707 358**	

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Equity and liabilities	Line item	At the beginning of the reporting period	At the beginning of the reporting period	
1	2	3	3	
I. Equity Registered (share) capital	1400	2 719 329	2 719 329	
Revaluation surplus	1405			
Additional paid-in capital	1410			
Reserve capital	1415			
Retained earnings (accumulated deficit)	1420	(16 494)	(16 494)	
Unpaid capital	1425	-	-	
Withdrawn capital	1430	-	-	
Total Section I	**1495**	**2 702 835**	**2 702 835**	
II. Non-current liabilities and provisions Deferred tax liabilities	1500			
Non-current bank loans	1510			
Other non-current liabilities	1515			
Non-current provisions	1520	2 227	2 227	
Targeted financing	1525			
Total Section II	**1595**	**2 227**	**2 227**	
III. Current liabilities and provisions Short-term bank loans	1600			
Current payables relating to: long-term debt	1610			
goods and services	1615	20	20	
budget settlements	1620	24	24	
including income tax	1621			
insurance	1625	16	16	
payroll	1630	108	108	
Current provisions	1660	1 188	1 188	
Deferred income	1665	939	939	
Other current liabilities	1690	1	1	
Total Section III	**1695**	**2 296**	**2 296**	
IV. Liabilities related to non-current assets held for sale and disposal groups	**1700**			
Balance	**1900**	**2 707 358**	**2 707 358**	

Item	**Year ended 31 December 2019**	**Year ended 31 December 2019 (restated)**	**Adjustments**
I.FINANCIAL RESULTS			
Net sales revenue			
Cost of sales			
Gross:			
profit			
loss	-	-	

Item	Year ended 31 December 2019	Year ended 31 December 2019 (restated)	Adjustments
Other operating income			
Administrative expenses	(11 591)	(13 282)	(1 691)
Distribution expenses	-	(94)	(94)
Other operating expenses	(4 705)	(2 920)	1 785
Financial result from operating activities:			
profit	**(16 296)**	**(16 296)**	**(16 296)**
loss	-	-	
Other finance income			
Other income	89	89	-
Finance costs	(35)	(35)	-
Other expenses			
Financial result before taxation:			
profit			
loss	(16 242)	(16 242)	-
Income tax expense (benefit)	-	-	-
Profit (loss) on discontinued operations after taxation	-	-	-
Net financial result:			
profit			
loss	(16 242)	(16 242)	-

7.4. Transition to new and revised standards.

In the reporting period, the Fund did not apply new standards and interpretations issued on January 1, 2020 or after that date, and is starting to apply from the beginning of their mandatory application.
It is expected that the following standards and interpretations after entry into force will not significantly affect the Fund's financial statements.

The changes to standards effective from January 1, 2020 regarding amendments to IFRS 9 Financial Instruments, IAS 19 Employee Benefits, IAS 28 Investments in Associates and Joint Ventures, Annual Improvements to International Financial Reporting Standards, 2015–2017 Cycle, and IFRIC 23 Uncertainty over Income Tax Treatments have no impact on the Fund's financial statements.

Classification of liabilities as current or non-current - amendment to IAS 1 (issued on January 23, 2020 and effective for annual periods starting on or after January 1, 2022).
These limited scope amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights. The classification of liabilities is unaffected by management’s expectations about whether they will exercise their's right to defer settlement of a liability. An entity has a right to defer settlement of a liability only if it complies with specified conditions at the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. At the same time, a loan is classified as non-current if a covenant is breached after the reporting date. In addition, the amendments include clarifying the classification requirements for debt an entity might settle by converting it into equity.

‘Settlement’ is defined as the extinguishment of a liability with cash, other economic resources or an entity’s own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Classification of Liabilities as Current or Non-current — deferral of effective date – amendment to IAS 1 (issued on July 15, 2020 and effective for annual reporting periods beginning on or after January 1, 2023).

The Amendment to IAS 1 regarding the classification of liabilities as current or non-current was issued in January 2020, effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement any classification changes resulting from those amendments.

Proceeds before Intended Use, Onerous Contracts — Cost of Fulfilling a Contract, Conceptual Framework reference — limited scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRS Standards 2018–2020 - amendments to IFRS 1, IFRS 9 , IFRS 16 and IAS 41 (issued on May 14, 2020 and effective for annual periods beginning on or after January 1, 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset.

The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to lAS 37 clarifies the meaning of ‘costs to fulfil a contract’. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, IFRS 3 contains a new exception for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’, or IFRIC 21, ‘Levies’, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the10% test.

The amendment to Illustrative Example 13 accompanying IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The amendment to IFRS 1 allows entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Interest Rate Benchmark Reform (IBOR) — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (issued on August 27, 2020 and effective for annual periods beginning on or after January 1, 2021).

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

• Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: for instruments to which the amortised cost measurement applies, the amendments require entities,as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient

• applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9

• are also required to apply the same practical expedient. IFRS 16 was also

• amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

• End date for Phase 1 relief for non contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non contractually specified risk component at the earlier of when changes are made to the non contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

• Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

Amendments to IFRS 17 and IFRS 4 (issued on June 25, 2020 and effective for annual periods beginning on or after January 1, 2023).

The amendments contain clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the Standard. The amendments to IFRS 17 include:

• Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

• Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

• Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an ‘investment-return service’ under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

• Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

• Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The Fund's management expects that the entry into force of these standards and interpretations will not have a significant impact on the financial statements. As of today, the Fund has not opted for early application of these standards and interpretations..

7.5. Format and titles of financial statements

The Fund applies the form and composition of the financial statements items as defined in accordance with the National Accounting Regulation (Standard) 1, General Requirements for Financial Statements, approved by the Order of the Ministry of Finance of Ukraine of February 7, 2013 No. 73, registered with the Ministry of Justice of Ukraine on February 28, 2013 under No. 336/22868 (hereinafter - NAR(S) 1).

The Fund applies the norms of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in accounting for business transactions and events.

7.6. Methods of presenting information in financial statements

Under IAS 1, the Statement of Comprehensive Income provides for the presentation of expenses recognized in profit or loss under a classification based on the 'function of expense' method, whereby expenses are classified according to their function as part of the cost of production or, for example, expenses for administrative or other operating activities. However, since information about the nature of expenses is useful for predicting future cash flows, this information is given in para. 10 of these Notes.

Cash flows from operating activities are presented in the statement of cash flows using the direct method, whereby major classes of cash inflows or outflows are disclosed. Information on the main types of cash receipts and cash payments is formed on the basis of the Fund's accounting records.

7.7. Information on changes in accounting policies

The Fund selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless an IFRS specifically requires or permits categorisation of items for which different policies may be appropriate. The Fund did not apply changes in accounting policies in 2020 compared to the accounting policies that the Fund used to prepare the financial statements for the period ended December 31, 2019.

8. Significant accounting judgments, estimates and assumptions

8.1. Estimates, judgments, and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. The estimates and underlying assumptions are based on factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The preliminary estimates and underlying assumptions are constantly reviewed for the need to be changed. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Fund's assets and liabilities are initially measured upon acquisition or inception and subsequently measured at the balance sheet date for each reporting period in accordance with the requirements of International Financial Reporting Standards. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is presented below.

8.1.1. Making judgments regarding transactions, events or conditions in the absence of specific IFRS guidance

In the absence of an IFRS Standard that specifically applies to a transaction, other event or condition, the Fund's management uses its judgement in developing and applying an accounting policy that results in information that is reliable and relevant to the economic decision making needs of the user, in the sense that the financial statements:

- ✓ present fairly the Fund's financial position, financial performance and cash flows;
- ✓ reflect the economic substance of a transaction and not just its legal form;
- ✓ are neutral, ie free from bias;
- ✓ are complete in all material respects.

In exercising judgment, the Fund's management refers to the acceptability of the following sources, in descending order:

- ✓ the requirements in IFRS on similar and related issues; and
- ✓ the definitions, recognition criteria, and measurement concepts for assets, liabilities, income, and expenses in the Framework.

In exercising judgment, the Fund's management considers the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature, and accepted industry practices, to the extent that they do not conflict with the above sources.

8.1.2. Recognition of elements of financial statements

An asset is a resource controlled by the Fund as a result of past events and which are used to pay Grants under the terms of the Fund's programs and to support the Fund's operations.

Assets (non-current/current) and liabilities by maturity (non-current/current) are classified on initial recognition depending on the period of existence, use, and ownership of them by the Fund compared to a period of twelve months. An asset is classified as current if it is:

- expected to be used within 12 months; or
- cash or cash equivalents, unless its exchange or use to settle an obligation is restricted within twelve months after the balance sheet date.

All other assets are classified as non-current.

When incurred, current receivables for goods, works and services are recognized as assets simultaneously with the recognition of revenue from sales of goods, works and services, and are measured at fair value as of the date of recognition. Currently, the Fund has no such receivables due to the absence of such economic transactions in its operating activities.

A liability is a present obligation of the Fund arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

A liability is classified as short-term (current) when it satisfies any of the following criteria:

- it is expected to be settled within 12 months from the date of occurrence;
- it is expected to be settled within 12 months after the balance sheet date; or the Fund does not have an unconditional right to defer settlement of the liability until 12 months after the balance sheet date.

Liabilities that do not meet any of the above criteria are classified as non-current. The portion of long-term liabilities required to be paid within the coming 12 months are categorized as current liabilities. Non-current and current liabilities are split into trading, financial, obligations to Beneficiaries on payment of Grants under the terms of the Fund programs, and other liabilities.

To determine the date of recognition or settlement of assets and liabilities, the Fund's contracts, program documents, and applicable laws are used.

Quantitative criteria and qualitative attributes of materiality of information on business transactions, events and items of the Fund's financial statements.

The materiality threshold is set:

- for assets, liabilities, and equity of the Fund at 0,001 % of total assets, liabilities, and equity, respectively;
- for a decrease in the usefulness of the items of property, plant and equipment at the deviation of the residual value from their fair value by 10%;
- for items of the financial statements at UAH 1000.

Unless required by IFRS, the Fund does not offset assets, liabilities, income and expenses.

The Fund keeps unchanged the presentation and classification of items in financial statements from period to period. The Fund will reclassify comparative amounts when there are changes in the presentation or classification of items in the financial statements, otherwise disclose the case.

Equity is the residual interest in the assets of the Fund after deducting all its liabilities.

Income is increases in economic benefits during the accounting period in the form of inflows (or enhancements) of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to owners (equity participants).

Income and expenses are recognized on an accrual basis.

The elements to be recognized in the financial statements are those that:

- meet the definition of an element;
- satisfy the criteria for recognition.

The criteria for recognition:

- it is probable that any future economic benefit associated with the item that meets the definition of an element will flow to or from the entity; and
- the item's cost or value can be measured with reliability.

All assets held by the Fund are controlled and are measured reliably. Assets and liabilities are measured so that the provisions created for them and the actions taken exclude the possibility of transferring existing financial risks to future reporting periods.

8.2. Judgments concerning property, plant and equipment and intangible assets

The Fund splits property, plant and equipment and intangible assets - both those received for its own funds and those received from project partners under memorandums and agreements on international technical assistance. Such property, plant and equipment and intangible assets are accounted for separately.

For all property, plant and equipment and intangible assets, the accounting model used is historical value (cost).

8.3. Judgments concerning inventories

Tangible inventories are assets held by the Fund for consumption in the process of meeting administrative/managerial needs.

Tangible inventories comprise:

- household materials (tangible assets necessary to ensure the Fund's activities, as well as for the repair and maintenance of other non-current assets);
- low-value items – items used by the Fund for no more than one year (regardless of their value);
- low-value non-current tangible assets that are not put into operation.

Inventories are measured at the balance sheet date at the lower of: cost or net realizable value.

8.4 Judgments concerning rent expenses

In 2020, the Fund entered into a contract for the lease of non-residential real estate (office premises). The term of the contract does not exceed twelve months from the start date of the lease, so the Fund in its accounting classifies such a lease as an operating (short-term) and does not recognize in the balance sheet (statement of financial position) a right-of-use asset. Rental expenses are recognized in the Statement of Financial Performance as operating expenses on a monthly basis.

8.5 Judgments concerning a reflection of provisions

The Fund creates a provisions both in accordance with the requirements of current legislation - a provision for leave pay, and in accordance with the terms of the Fund's programs - a provision for the payment of Grants to ultimate beneficiaries as part of its statutory activities.

The leave pay provision is created during the year on a monthly basis by dividing the double wage fund for the current month by the number of calendar days (minus holidays). At December 31 of each reporting year, a leave pay provision is reviewed and the results are reflected in the balance sheet (statement of financial position).

The provision for the payment of Grants may be current or non-current. Non-current provisions are reported at their amortized cost. The effective interest rate is set once for each individual Beneficiary, depending on the date the provision is recognized and the approximate term of repayment. The discount rate setting is prescribed in the Fund's accounting policy. In 2020, such rates range from 16.10% to 13.13% for each Beneficiary individually depending on the month of accession to the Fund program, as the weighted average rates for the previous fiscal year (at the rate of the month of accession to the Fund Program) in the national currency of the relevant maturity, calculated by the NBU and given in the statistical data “Financial markets statistics” available at the link https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms in the section “para 4.1.1.2. Interest rates on new loans to non-financial corporations by maturity”.

8.6 Judgments concerning fair value

Cash is initially and subsequently measured at fair value equal to its nominal value.

The Fund's management believes that the above disclosures on fair value are sufficient and does not believe that there is any material information beyond the financial statements regarding fair value application, which can be useful for users of financial statements.

These financial statements have been prepared on a historical cost basis, measuring at fair value certain financial instruments in accordance with IFRS 9, Financial Instruments, using valuation techniques for financial instruments permitted under IFRS 13, Fair Value Measurement, and where the effect of the time value of money is material to the amount of provision that is expected to be required to settle the obligation. Such valuation techniques include using the current market value of a similar instrument, discounted cash flow analysis or other fair value measurement models. The estimated fair values of financial assets and liabilities are determined using available market information and appropriate valuation techniques and discount rates for appropriate financial instruments.

These financial statements have been prepared under the historical cost convention, except for non-current provisions measured at discounted value.

The Fund applies IFRS-compliant methods for determining fair value and amortized cost.

The Fund measures its current receivables and payables at the amount of the original invoice, contract, if the effect of discounting is immaterial.

The Fund's receivables and payables are measured initially at their nominal (contractual) value, and subsequently, based on the assumption that receivables and payables are current, the Fund assumes that their nominal value is fair value and is not amortized.

These financial statements have been prepared on the assumption that the Fund is an organization that is able to continue as a going concern in the near future.

9. Significant provisions of the Accounting Policy

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Fund that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply.

The accounting policy complies with all IFRSs effective at the end of the reporting period (subject to paragraph 7 of these Notes) for which the IFRS financial statements are prepared.

Accounting and preparation of financial statements is carried out in compliance with the principles of prudence, full disclosure, consistency, continuity, accrual and matching of revenues and expenses, prevalence of essence over form, and periodicity.

The accounting policy of the Fund is designed in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Before preparing the annual report, a full annual end of year stocktaking of the Fund's assets and liabilities on the balance sheet were carried out. The results of the stocktaking are reflected in the Fund's balance sheet as at December 31, 2020.

9.1 Inventories

Initial recognition

Inventories are considered assets if it is probable that any future economic benefit will arise from their use associated with the implementation of a set of actions aimed at solving tasks that meet the Fund's statutory objectives, and they have a value that can be measured with reliability.

Inventories are included in the balance sheet at historical cost, which comprises their purchase price or production cost.

Disposal value

When disposed of, inventories are valued using the first in, first out (FIFO) method of inventory valuation.

Analytical accounting data for inventories are presented in a quantitative and summarized form.

Inventories received free of charge as an international technical assistance from project partners. Such inventories are accounted for using the grant accounting model under IAS 20. Such inventories are considered a grant related to assets in the form of a nonmonetary asset and are accounted for using the income method, under which the grant is recognized in profit or loss over the project's life at the amount of the original cost of the inventories received.

The historical cost of such inventories is their fair value at date of receipt.

For such inventories to appear on the balance sheet, the "Targeted funding" account is used with analytical accounting by project's partners. Such inventories are expensed as a component of cost related to statutory activities using the identified cost method, with a corresponding posting on the "Deferred income" account.

9.2 Property, plant and equipment

Initial asset recognition

Property, plant and equipment is considered an asset if its expected useful life (operation) is more than one year and if it is probable that the Fund will receive future economic benefits from its use associated with the implementation of a set of actions aimed at solving tasks that meet the Fund's statutory objectives, and it has a value that can be measured with reliability.

Initial measurement depending on the method of obtaining

Acquisition of property, plant and equipment at the expense of the Fund according to the target funding estimate.

An item of property, plant and equipment appears on the Fund's balance sheet at historical cost, plus any costs specified in IAS 16.

Property, plant and equipment granted free of charge in the form of technical assistance from partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation are accounted for on a separate general ledger accounts.

Such property, plant and equipment are accounted for using the grant accounting model under IAS 20. Such property, plant and equipment are considered a grant related to assets in the form of a nonmonetary asset and are accounted for using the income approach, under which a grant is recognised in profit or loss over the project's life or the useful life and in the proportions in which depreciation is charged.

The historical cost of such an item is its fair value at date of receipt.

For such property, plant and equipment to appear on the balance sheet, the “Targeted funding” account is used with analytical accounting by project's partners and subsequent gradual (periodic) attribution to “Deferred income” account in the proportions in which depreciation on those property, plant and equipment is charged.

The residual value and the useful life of property, plant and equipment are determined by the Committee in the act of commissioning.

Free use of property, plant and equipment under a contract (memorandum) on the provision of temporary free use of property as technical assistance from partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation according to Article 107 of the Fund's Charter.

The accounting for such property, plant and equipment is in accordance with IFRS 16 Leases. If the underlying asset is a low-value asset within the meaning of IFRS 16, the Fund recognizes the lease payments associated with such a lease as an expense on a straight-line basis over the lease term.

The historical cost of such an item of property, plant and equipment is its fair value at date of receipt, plus any other costs directly attributable to bringing the item to working condition for its intended use. Such property, plant and equipment are recorded in account 01 “Rented non-current assets”.

Depreciation is not charged.

If such asset does not meet the above criteria, the historical cost of the item is its fair value at date of receipt and a “right-of-use asset” is recognized in the Fund's assets.

For such a right-of-use asset to appear on the balance sheet, the “Targeted funding” account is used with analytical accounting by project's partners and subsequent gradual (periodic) attribution to “Deferred income” account in the proportions in which depreciation on those right-of-use asset is charged.

Gratuitous receipt is documented by an act of acceptance – transfer, and, together with the technical documentation, is transferred to the relevant departments.

Useful lives and residual values of property, plant and equipment are set out in Orders when the respective property, plant and equipment are put into operation or are ready for use.

Subsequent measurement

After initial recognition, property, plant and equipment (irrespective of the method of receipt) are carried at cost less any accumulated depreciation and any accumulated impairment losses.

At the end of each reporting year, the Fund assesses whether there is any indication that an item of property, plant and equipment may be impaired. The procedures for impairment testing and accounting for impairment losses are set forth in the "Impairment" section of the Accounting Policy.

Depreciation

Depreciation in accounting is calculated on a straight-line basis over the estimated useful life of the asset, which is indicated in the act of commissioning.

Depreciation of an asset ceases at the earlier of

- the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations; and
- the date that the asset is derecognised.

Derecognition

Property, plant and equipment or significant component thereof is removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its continued use.

Also, the asset is derecognized under property, plant and equipment on reclassification to assets held for sale. Subsequently, such assets are accounted for in accordance with IFRS 5.

Any gain or loss arising from derecognition of the asset (calculated as the difference between the net proceeds from disposal of the asset and its carrying amount) is included in profit or loss statement for the year in which the asset is derecognized.

Subsequent expenses

Expenses related to current repairs and maintenance of property, plant and equipment, both owned and rented, in proper condition are recognized as expenses of the period in which they are incurred.

Accounting for computer equipment

When computer equipment is recognized on the balance sheet, the unit of an item of property, plant and equipment is deemed to be that equipment itself with installed software needed for the operation of such equipment, which is documented in the act of commissioning of property, plant and equipment. The historical cost of such an item comprises the equipment cost and the software cost. Software that meets the criteria for recognition as an intangible asset is accounted for individually.

9.4 Intangible assets (IA)

IA recognition

Purchased or received intangible asset is shown in the balance sheet only if it is probable that any future economic benefit will arise from their use associated with the implementation of a set of actions aimed at solving tasks that meet the entity's statutory objectives, and it has a value that can be measured with reliability.

Intangible assets received free of charge (software for computer equipment received in the form of technical assistance from project partners for the project 'Support of the National Energy Efficiency Fund and of a climate-friendly reform agenda (S2I) in Ukraine' implementation according to Article 107 of the Fund's Charter) are accounted for under IAS 20.

Where the software is an integral part of the related hardware, computer software is treated as a property, plant and equipment.

IA initial measurement

The historical cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing it for its intended use.

The historical cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended.

IA useful life

The useful life of an intangible asset is established according to the documents of title when it appears on the balance sheet.

Where the term of the right to use an intangible asset is not determined in accordance with the document of title such a useful life may be determined by the Fund itself, but may not be less than two and more than 10 years.

An intangible asset with an indefinite useful life is not amortised. For such IA, the Fund verifies the reduction in the usefulness of the intangible asset with an indefinite useful life by comparing its recoverable amount with its carrying value each year.

The useful life of an intangible asset is reviewed at the end of the reporting period if the asset's useful life or conditions for future economic benefits are expected to change in the next period.

Subsequent measurement

After initial recognition, an intangible asset is carried at cost model less any accumulated amortization and any accumulated impairment losses.

Depreciation and amortisation

Intangible assets are amortized on a straight-line basis over their expected useful lives. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets are amortized until the value of the asset becomes equivalent to its residual value.

Residual value

For intangible assets, residual value is zero.

Subsequent expenses

Subsequent expenses associated with an intangible asset incurred after the initial recognition of an intangible asset are recognized by the Fund as expenses in the period in which they are incurred.

Derecognition

Intangible assets are removed from the statement of financial position when no future economic benefits are expected from its continued use to flow to the Fund. Gains or losses arising from derecognition of the intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit or loss when the asset is disposed.

9.5 Financial instruments

Financial assets.

Classification of financial assets.

A financial asset is recognized at the moment when the Fund becomes a party to the contract in respect of this asset. A classification of financial assets is made on the basis of both:

- the entity’s business model for managing financial assets and
- the contractual cash flow characteristics of the financial asset.

At initial recognition of such assets, the Fund's finance office determines which of the following categories the financial asset belongs to:

- financial assets measured at amortised cost when both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- financial assets measured at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income.

Initial recognition and initial measurement.

Accounts receivables and deposits are recognized on the date of their / occurrence / receipt. All other financial assets are initially recognized on the date of the transaction, as a result of which the Fund becomes a party to the relevant contract.

At initial recognition, a financial asset or a financial liability is measured at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

When an entity uses settlement date accounting for an asset that is subsequently measured at cost or amortized cost, the asset is recognized initially at its fair value on the trade date.

Subsequent measurement.

After initial recognition, depending on the chosen classification, a financial asset is measured:
- at amortized cost; or
- at fair value:

(a) through profit or loss;
(b) through other comprehensive income

Financial assets at amortized cost.

The following elements are recognized in profit or loss:
- interest income calculated using the effective interest rate method;
- expected credit losses and recoveries of any amounts written off.

Financial assets at fair value.

Gains and losses arising from changes in fair value are recognized in other comprehensive income.
The following elements are recognized in profit or loss:
- interest income calculated using the effective interest rate method;
- expected credit losses and recoveries of any amounts written off.

Impairment

For debt instruments at amortized cost or at fair value through other comprehensive income, the reduced usefulness requirements for the recognition and estimation of a provision for losses are applied.

At each reporting date, financial assets are assessed to determine whether their credit risk (risk of default) has changed since initial recognition.

The amount of expected credit losses is determined as:
- the difference between contractual cash flows and cash flows expected to be received (the amount of cash "shortfall");
- weighted by the degree of probability of possible results of loss;
- discounted using the original effective interest rate.

Expected credit losses on a financial asset are determined by creating an allowance for its impairment.

If in a subsequent period the amount of a previously recognized impairment loss decreases, the impairment loss is reversed by reducing the allowance account accordingly.

Impairment losses (reversals of impairment losses) are included in finance costs (income) for the period in profit or loss as they arise.

Derecognition, write-off

A financial asset is derecognized only if:
• the contractual rights on cash flow of the financial
asset terminate; or
• all the risks and rewards of ownership of the financial asset are substantially transferred.

A financial asset is transferred if:
• the contractual rights on cash flow of the financial asset are transferred; or
• the Fund has retained the contractual rights to receive the cash flows from the financial asset, but has assumed a contractual obligation to pass those cash flows on to one or more recipients.
On derecognition of a financial asset, the difference between the carrying amount (as at the date of derecognition) and the recoverable amount is recognized in profit or loss in accordance with IFRS 9, paragraph 3.2.12.
Any previously recognized components of other comprehensive income related to the financial asset being disposed of are included in the financial result from its disposal by transferring these components to profit or loss.
When an asset transfer results in the creation of new financial assets or financial liabilities, such assets or liabilities are recognized separately and measured on initial recognition at fair value.
Financial liabilities
Classification of financial liabilities
The financial liabilities include:
- trade payables and other current liabilities
- obligations to the Beneficiary on the results of implementation of energy efficiency measures for each individual stage of the project by reducing (using) the reserve (provision) that was previously created.

Initial measurement
On initial recognition, the financial liability is measured at fair value (transaction price).
Derecognition of financial liabilities.
A financial liability is derecognised when, and only when, it is extinguished, i.e. when it is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

9.6 Leases
Fund as a lessee.
Lease classification
The Fund recognizes, measures and presents leases in its financial statements in accordance with IFRS 16, Leases.
At the commencement date of a contract, the Fund evaluates whether the contract is a lease or contains a lease. The lease term is defined together with both: periods covered by an option to extend the lease; and periods covered by an option to terminate the lease.

Initial recognition
A right of use asset is recognized and an associated liability at the inception of the lease (if the lease is at the expense of the Fund's own funds) or the "Targeted Funding" account (if at the expense of donors).
Determining the present value of the lease payments is calculated using the interest rate implicit in the lease agreement if it is available. Otherwise, the weighted average lending rate in the national currency of the relevant maturity on the date of the lease agreement, calculated by the NBU and given in the statistical data “Financial markets statistics” available at the link https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms in the section “para 4.1.1.2. Interest rates on new loans to non-financial corporations by maturity”.
Initial direct costs incurred in entering into a lease agreement are included in the value of the right-of-use asset.

Right of use asset subsequent measurement.

The right-of-use asset upon recognition is carried at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any revaluation of the lease liability.

The principles and procedures of IAS 36 Impairment of Assets apply to impairment of right-of-use assets.

Subsequent measurement of lease liabilities.

After initial recognition, the lease liability is increased by accrued interest, decreased by lease payments, and adjusted by the lease reassessment.

Interest on lease liabilities after the commencement date is recognized in profit or loss.

The Fund does not apply the above lease accounting treatment to short-term leases (12 months or less) and leases for which the underlying asset is of low value within the meaning of IFRS 16. In this case, the Fund recognizes the lease payments associated with such a lease as an expense on a straight-line basis over the lease term.

9.7 Provisions

Classification

The Fund recognizes the following types of provisions:

- for grant pay to the Beneficiaries of an energy efficiency project, with sub-accounts opened for each stage of the project. Analytical accounting of such reserves is carried out per Beneficiaries
- for leave pay
- other provisions satisfying the recognition criteria

Recognition

Provision is recognized in accounting and financial statements if the following criteria are met:

- The Fund has a current obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be measured reliably.

Provision measurement method

The most likely outcome is used according to paragraphs 36-52 of IAS 37. According to paragraph 36, the amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. This best estimate means the amount that the Fund would reasonably pay to settle the obligation at the end of the reporting period, provided that there is no proof that the estimated obligation may be significantly less or more than the calculated amount.

Provisioning costs are recorded as expenses for the period.

Where the effect of the time value of money is considered material, the relationship between the nominal amount and the present amount of a provision is more than 1%. When discounting is applied, the effect of unwinding the discount is recorded as an increase in the book value of the provision and the borrowing costs (finance costs) are recognized simultaneously.

Discount rate

At initial recognition of a provision that meets the conditions of the Accounting Policy, the weighted average rates for the previous fiscal year in the national currency of the relevant maturity, calculated by the NBU and given in the statistical data “Financial markets statistics” available at the link https://bank.gov.ua/statistic/sector-financial/data-sector-financial#1ms in the section “para 4.1.1.2. Interest rates on new loans to non-financial corporations by maturity”. It is determined that this rate is most consistent with the condition that the discount rate should be a rate that reflects current market assessments of the time value of money and the risks inherent in the obligation.

Subsequent measurement of provision

When preparing the financial statements, a provision is reviewed at the end of each reporting period and is adjusted to reflect the current best estimate. When discounting is applied, the book value of the provision increases in each period to reflect the passage of time. This increase is recognized as a borrowing cost.

Contingent assets and contingent liabilities are not recognized in the statement of financial position.

The information is disclosed in the notes to the financial statements.

9.8 Impairment

At the end of each reporting year, the presence of any indicators of asset impairment is reviewed and, if any, the amount of the expected recovery of the asset value is determined. An asset is impaired if its carrying amount exceeds its recoverable amount.

The impairment loss is recognized as an expense in the income statement.**.**

At 31 December 2020, there is no evidence of impairment of the Fund's assets.

9.9 Expenses

The Fund recognizes expenses based on the matching principle provided for in the conceptual framework of IAS 1, Presentation of Financial Statements, and if:

- it is not probable that an outflow of assets embodying economic benefits will be required;
- the amount of costs can be measured with reliability.

The Fund classifies expenses based on the nature of expenses in accordance with IAS 1.

9.10 Related parties

The related parties include individuals and legal entities in accordance with the list approved by the Board of Directors of the Fund for disclosing information about transactions with related parties.

The criteria for determining related parties are:

For individuals:

a) being part of those charged with governance of the Fund;

b) being part of key management (that is, those members of management who have the authority and responsibility for planning, directing and controlling the activities of the Fund);

c) being a close family member of any person referred to in subparagraph (a) or (b);

d) having a significant business relationship with any person referred to in subparagraph (a) or (b);

Transactions with related parties are required to be disclosed.

a) remuneration is payments within the framework of labor activity and under civil law contracts in accordance with IAS 19 Employee Benefits

9.11 Statement of Cash Flows

The statement of cash flows is prepared by the direct method from the Fund's accounting registers.

9.12 Employee benefits

Remuneration of the Fund's employees is performed in accordance with the provisions on remuneration of labor, staff schedule, established tariff rates, using the data of the timesheet.

Employee benefits are short-term payments.

All short-term employee benefits are recognized and measured as liabilities (accrued expenses).

The Fund does not have long-term pension plans for employee payments.

9.13 Equity

Elements of equity

Registered (share) capital. Unpaid capital.

The provisions regulating the order of formation, size and amending share capital are set in Art. 27- Art. 32 of the Charter of SI “Energy Efficiency Fund”. The equity is made up of funds received from the state budget to the appropriate account of the Fund opened with the State Treasury of Ukraine.

Debts of participants on formation of share capital at the end of the reporting period are recorded in the "Unpaid capital" account broken down by participants. In the Statement of Financial Position (Balance Sheet) and the Statement of Equity such debts are reported as a negative amount in a separate item "Unpaid capital" and are disclosed in the notes to the financial statements providing full information on the participants, amounts, terms and reasons for incomplete formation of share capital.

Revaluation capital

Revaluation capital is designed to record and summarize information about the financial instrument upward (downward) revaluation, which, in accordance with international accounting standards, are recorded in equity with disclosure in the statement of financial performance (statement of comprehensive income).

Additional paid-in capital

The assets received in accordance with Article 22 of the Charter, except for contributions to the share capital, are shown within "Additional capital" item. At 31 December 2020, there was no such assets.

Reserve capital

Due to the specific activity of the Fund, which is not aimed at generating profit, the reserve capital is not formed through retained earnings. There are no other legal grounds for the formation of reserve capital.

Retained earnings (accumulated deficit)

This equity item represents the allocation of financial result from the Fund's activities during the reporting period.

All changes in equity items are reflected in the Statement of Equity, which is an integral part of the Fund's financial statements, accompanying by their disclosure in the notes to the financial statements.

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

10. Information items disclosure

10.1 Intangible assets (IA)

for 2020

Groups of intangible assets	**Balance at 1 January 2020**		Additions for the year	Disposals for the year		Accumulated amortization	Impairment loss for the year	Other changes for the year		**Balance at 31 December 2020**	
	historical (revalued) cost	accumulated amortization		historical (revalued) cost	accumulated amortization			historical (revalued) cost	accumulated amortization	historical (revalued) cost	Accumulated amortization
1	2	3	4	5	6	7	8	9	10	11	12
Computer software	165	12		-	-	33	-	-	-	165	45
Accounting software	28	-	7	-	-	10	-	-	-	35	10
IA in the process of creating	-	-	163	-	-	-	-	-	-	163	-
Total	**193**	**12**	**170**	**-**	**-**	**43**	**-**	**-**	**-**	**363**	**55**

In 2020:
- 2 (two) accounting software licenses were purchased additionally;
- the creation of the IA item "Album of technical solutions" was started, and the first stage was completed.

for 2019

Groups of intangible assets	**Balance at 1 January 2019**		Additions for the year	Disposals for the year		Accumulated amortization	Impairment loss for the year	Other changes for the year		**Balance at 31 December 2019**	
	historical (revalued) cost	accumulated amortization		historical (revalued) cost	accumulated amortization			historical (revalued) cost	accumulated amortization	historical (revalued) cost	Accumulated amortization
1	2	3	4	5	6	7	8	9	10	11	12
Computer software	-	-	165	-	-	12	-	-	-	165	12
Accounting software	-	-	29	-	-	-	-	-	-	28	-
Total	**-**	**-**	**193**	**-**	**-**	**12**	**-**	**-**	**-**	**193**	**12**

Computer software was received by the Fund free of charge within the framework of the Memorandum of International Technical Assistance in 2019.

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

10.2 Property, plant and equipment

for 2020

Groups of property, plant and equipment	**Balance at 1 January 2020**		Additions for the year	Disposals for the year		Accumulated depreciation	Impairment loss	Other changes for the year		**Balance at 31 December 2020**	
	historical (revalued) cost	depreciation		historical (revalued) cost	depreciation			historical (revalued) cost	depreciation	historical (revalued) cost	depreciation
1	2	3	4	5	6	7	8	9	10	11	12
Computer and office equipment (received for free)	839	53		-	-	160	-	-	-	839	213
Computer and office equipment (received at own expense)	236	7	1 077	-	-	109	-	-	-	1 313	116
Other equipment	53	1	71	-	-	5	-	-	-	124	6
Verification equipment	-	-	306	-	-	-	-	-	-	306	-
Car	-	-	580	-	-	10	-	-	-	580	10
Total	**1 128**	**61**	**2 034**	**-**	**-**	**284**	**-**	**-**	**-**	**3 162**	**345**

for 2019

Groups of property, plant and equipment	**Balance at 1 January 2019**		Additions for the year	Disposals for the year		Accumulated depreciation	Impairment loss	Other changes for the year		**Balance at 31 December 2019**	
	historical (revalued) cost	depreciation		historical (revalued) cost	depreciation			historical (revalued) cost	depreciation	historical (revalued) cost	depreciation
1	2	3	4	5	6	7	8	9	10	11	12
Computer and office equipment (received for free)	-	-	839	-	-	53	-	-	-	839	53
Computer and office equipment (received at own expense)	-	-	236	-	-	7	-	-	-	236	7
Other equipment	-	-	53	-	-	1	-	-	-	53	1
Total	**-**	**-**	**1 128**	**-**	**-**	**61**	**-**	**-**	**-**	**1 128**	**61**

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Computer and office equipment (received free of charge) were received by the Fund under the Memorandum of International Technical Assistance in 2020.
There were no disposals as well as impairments in 2020.

There are no property, plant and equipment and intangible assets on the balance sheet that are temporarily withdrawn from use or classified as held for sale and/or in respect of which there are statutory restrictions of ownership, use or disposal.
At 31 December 2020, there are no fully depreciated property, plant and equipment.

10.3 Inventories

The Fund's “Inventories” on the balance sheet are to ensure administrative (managerial) needs and are presented as follows:

	At 31 December 2020	**At 31 December 2019**
Low-value items at warehouses	4	26
Consumables to ensure the operation of office equipment, and other inventories	126	-
Other non-current tangible assets	128	2
TOTAL	**258**	**28**

In 2019 - 2020, there were no grounds for impairment of inventories.

10.4 Advances paid

	At 31 December 2020	**At 31 December 2019 (restated)**
Advance on lease (furniture) for January 2020	-	32
Guarantee payment under the lease agreement	246	-
Payments for repair of office equipment	7	-
Telecommunication services	4	4
Email, site, and security services, etc.	223	82
On-line access to services and software	131	77
Periodicals	24	-
Car insurance	23	-
Other	7	-
TOTAL	**665**	**197**

10.5 Deferred income

	At 31 December 2020	**At 31 December 2019**
Interest earned on current account cash balances	716	-
TOTAL	**716**	**-**

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

10.6 Other current receivables

This balance sheet item is presented as follows:

	At 31 December 2020	At 31 December 2019 (restated)
Advances for employee business trips	-	25
Single social contribution settlements	68	-
TOTAL	**68**	**25**

10.7 Cash and cash equivalents

This balance sheet item is presented as follows:

Cash on current bank accounts	At 31 December 2020	At 31 December 2019
UDKSU in Kyiv	2 212 890	2 705 860
Privatbank JSC CB	222 710	-
Ukrgasbank PJSC JSB	230 000	-
TOTAL	**2 665 600**	**2 705 860**

At 31 December 2020, the funds are on the current account opened with the State Treasury of Ukraine.

10.8 Other current assets

	At 31 December 2020	At 31 December 2019 (restated)
Cash documents	3	-
TOTAL	**3**	**-**

At 31 December 2020, the Fund has no non-current assets held for sale.

10.9 Registered (share) capital

	At 31 December 2020	At 31 December 2019
Share capital	2 719 329	2 719 329
TOTAL	**2 719 329**	**2 719 329**

The Fund's founder is the State represented by the Cabinet of Ministers of Ukraine. The Charter capital is formed exclusively by the state budget.

There is no debt on the contributions to the Charter capital at 31 December 2020.

10.10 Non-current provisions

This item reflects the guarantees created for the future payment of grants to the Beneficiaries under the Fund Program.

	At 31 December 2020	At 31 December 2019
Balance of the provision at the beginning of the year	**2 227**	**0**
Gross non-current provision	464 250	3 071
Discount rates*		16,3%
Discount	(114 010)	(879)

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Discount amortisation	14 700	35
Used (paid tranches for the 3rd stage of implementation of the Program for Package B)	(1 509)	-
Transferred to current provisions	(4 732)	-
Discount relating to collateral that is transferred to short-term	612	
Recognized balance of current provision for the 3rd stage of Package A due to changes in the conditions of the program “Energodim”, adopted by the decision of SB of 17 Decembr 2020 and effective from 1 January 2021	24 239	-
Balance of the provision at the end of the year	**385 777**	**2 227**

The term of non-current provisions is up to 2 years, the currency of these provisions is hryvnia.
*Discount rates depending on the period of accession to the Program in 2020 are:
February, March - 16,10%; April - 15,92%; May -15,78%; June - 15,73%; July - 15,35%; August - 15,00%; September - 14,49%; October - 13,90%; November - 13,38%; December - 13,13%.

10.11 Current trade payables

This balance sheet item is presented as follows:

	At 31 December 2020	At 31 December 2019
Utilities under the lease of office space	-	20
Advertising on TV and on the Internet	4 926	-
Other	6	-
TOTAL	**4 932**	**20**

10.12 Current payables on budget settlements

This balance sheet item is presented as follows:

	At 31 December 2020	At 31 December 2019
Personal income tax	-	22
Military tax	-	2
TOTAL	-	**24**

10.13 Current payables on insurance

This balance sheet item is presented as follows:

	At 31 December 2020	At 31 December 2019
Single social contribution	-	16
TOTAL	**-**	**16**

10.14 Current payables on employee benefits

According to IAS 19, the Fund pays employees in accordance with official salaries and an approved staff schedule. In the reporting period, remuneration was paid to natural persons who are not members of the Fund staff with the application of contracts of civil law nature (contracts with members of the Supervisory Board, contract for services rendered).

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

At 31 December 2020, there are no current payroll liabilities to employees. There is no overdue debts on payment of salaries and wages at 31 December 2020.

	At 31 December 2020	**At 31 December 2019**
Remuneration to members of the Supervisory Board	102	93
Reimbursement of expenses to Supervisory Board	-	7
Remuneration for concluded contracts (except contracts with the Supervisory Board)	-	8
Salaries and wages of the Fund's employees	-	-
TOTAL	**102**	**108**

10.15 Current provisions

This item represents the provision for leave pay and the reserve for future disbursement of Beneficiary Grants under the Fund Program.

	At 31 December 2020	**At 31 December 2019**
Leave pay provision at the beginning of the year	**482**	10
Added for the year	1 956	628
Used	(1 119)	(156)
Leave pay provision balance at the end of the year	**1 319**	**482**
Reserve for payments of Grants		
The balance of the reserve for payments of Grants at the beginning of the year	**706**	-
Added	41 292	727
Used (Grants paid)	(3 438)	(21)
Transferred from non-current reserves to current	4 732	-
Transfers of provision for payments on Package A tranches in 3 stages	(24 239)	-
Discount on reserves transferred to short-term	(612)	
Balance of the reserve for payments of Grants at the end of year	**18 441**	**706**
Reserve for future payments	**22**	**-**
Total reserves	**19 782**	**1 188**

10.16 Deferred income

This balance sheet item is presented as follows:

	At 31 December 2020	**At 31 December 2019**
Balance at the beginning of the year	**939**	**0**
Assets received from partners according to the Memorandum in the framework of international	177	1 028

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

technical assistance		
the cost of using the assets	(370)	(89)
Balance at the end of the year	**746**	**939**

10.17 Other current liabilities

This balance sheet item is presented as follows:

	At 31 December 2020	At 31 December 2019
Settlements with accountable persons	-	1
TOTAL	**-**	**1**

10.18 Administrative expenses

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019 (restated)
Material costs	1 124	259
Payroll and related accruals	28 676	12 053
Depreciation and amortisation	327	73
Business trips	54	133
Lease of property	3 627	601
Other	526	163
TOTAL	**34 334**	**13 282**

10.19 Distribution costs

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019 (restated)
Advertising on TV and on the Internet	4 926	-
Marketing services	652	94
TOTAL	**5 578**	**94**

10.20 Other operating expenses

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Costs of Grant activities (provisioning):	391 532	2 919
Gross costs of Grant activities	505 542	3 798
Discount on non-current provisions	(114 010)	(879)
Other	90	1
TOTAL	**391 662**	**2 920**

10.21 Other operating income

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Interest on current account balances	2 126	-
TOTAL	**2 126**	**-**

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

10.22 Other income

This item of the statement of financial performance was presented as follows:

	For 2020	For 2019
Income on assets received according to the Memorandum of Technical Assistance:		
property, plant and equipment	160	53
intangible assets	33	12
low-value non-current tangible assets	177	24
TOTAL	**370**	**89**

10.23 Finance costs

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Amortization expense of discount that arises when non-current provision for payments (Grants) is recognized	14 700	35
TOTAL	**14 700**	**35**

10.24 Elements of operating expenses – material costs

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Inventories (including stationery, printing materials, image products, and supplies for office equipment)	284	186
Non-current tangible assets put into operation (furniture, office supplies, and low-value equipment)	840	73
TOTAL	**1 124**	**259**

10.25 Elements of operating expenses — labor costs

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Employees	20 752	8 047
Leave pay	1 608	521
Supervisory Board	1 323	1 383
Contracts (except for members of the Supervisory Board)	30	12
TOTAL	**23 713**	**9 963**

10.26 Elements of operating expenses — deductions for social events

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Employees	4 305	1 620
Leave pay	348	97
Supervisory Board	291	304

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

Contracts (except for members of the Supervisory Board)	6	3
Unified social contribution for sick leave	13	8
TOTAL	**4 963**	**2 032**

10.27 Elements of operating costs — depreciation and amortization

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Property, plant and equipment (own funds)	124	8
Property, plant and equipment (international technical assistance)	160	53
Intangible assets (international technical assistance)	33	12
Intangible assets (own funds)	10	
TOTAL	**327**	**73**

10.28 Elements of operating expenses — other operating expenses

This item of the statement of financial performance is presented as follows:

	For 2020	For 2019
Expenses from initial recognition of provisions for Grant activity	391 532	2 919
Services (Notes 10.19 and 10.37)	9 807	840
Business trips	54	133
Reimbursement of expenses to Supervisory Board members (transportation)	14	77
TOTAL	**401 407**	**3 969**

10.29 Receipts from targeted funding

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Formation of share capital	-	1 219 329
Sick leaves at the expense of the social insurance fund	-	4
TOTAL	**-**	**1 219 333**

Due to the inability to separately identify contributions to the statutory fund as those that should be directed to current activities, or capital construction or contributions to capital, the funds received from the formation of the authorized capital are classified by the Fund as cash flows from operating activities.

10.30 Other inflows

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Return of business trip unused funds	1	11
Provision for the performance of the contract	16	-
Sick leaves at the expense of the social insurance fund	105	
TOTAL	**122**	**11**

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

10.31 Expenditure on payment of goods (works, services)

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Stationery and office supplies	73	95
Maintenance of office equipment	137	82
Lease of non-current assets	3 605	581
Marketing expenses and printing	653	165
Audit services	203	35
Postal, telecommunication services, and Internet	82	126
Access to online services, security services, periodicals, etc.	526	108
Other	292	51
TOTAL	**5 571**	**1 243**

10.32 Other expenditures

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Grant activities	4 947	21
Payments of sick leave at the expense of the social insurance fund	97	-
Business trips	32	169
TOTAL	**5 076**	**190**

10.33 Expenditure on the acquisition of non-current assets

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Intangible assets	170	28
Computer and office equipment	1 434	236
Other	704	54
Car	580	-
TOTAL	**2 888**	**318**

10.34 Repayment of borrowings

This item of the statement of cash flows is presented as follows:

	For 2020	For 2019
Borrowing under contract for the provision of non-recoverable interest free financial assistance of August 17, 2018	-	5
TOTAL	**-**	**5**

According to the contract of providing non-interest free financial assistance of August 17, 2018, a UAH 20 000,00 cash interest free short-term borrowing was received from UKRDERZHBUDEKSPERTYZA SE for replenishment of circulating funds for the needs of operating activities.

The borrowing was repaid within the terms stipulated by the contract in 2018 and 2020.

Borrowing repayment date: December 28, 2018 and January 3, 2020.

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

11. Disclosure of other information

11.1 Contingent assets

The Fund accounts for contingent assets on off-balance sheet accounts

Under the terms of the Grant Agreement, "the Fund may initiate the return of the Grant or a portion thereof in the cases specified in the Terms and the Program, as well as take all necessary actions provided for in the Terms and the Program". Thus, the Tranche paid to the final Beneficiaries as a partial reimbursement of the costs incurred for energy efficiency measures may be reimbursed to the Fund in the event of non-compliance with the Program.

In the time of payment of the next Tranche to the Beneficiary, the Fund recognizes the contingent asset and records on the off-balance sheet accounts in the context of the Beneficiaries and stages.

Contingent assets on off-balance sheets

	For 2020	**For 2019**
Balance at the beginning of the year	21	0
Contingent assets recognized	4 946	21
The amount of contingent assets is reduced due to the implementation by the Beneficiary of the Fund Program and the Grant receipt	(873)	(0)
Balance at the end of the year	**4 094**	**21**

11.2 Contingent liabilities

The Fund accounts for contingent liabilities on off-balance sheet accounts.

According to the terms of the Grant Agreement, any Tranche can be transferred to the Beneficiary's account:

- by the Fund itself in full; or
- by the Fund with the involvement of any third parties who are partners of the Fund, including Donors in accordance with the Agreement on the financing of the event “Energy Efficiency Support Program in Ukraine — EE4U” and the Agreement on Financing the event “Program support energy efficiency in Ukraine — EE4U-II” (EE4U and EE4U-II) concluded between the Government of Ukraine and the European Commission. Any Tranche financed by partners of the Fund (including Donors) may be transferred to the Beneficiary's account in several installments - from the Fund and from partners of the Fund (Donors). However, if the Fund's partners or Donors are unable or refuse to co-finance any Tranche at any time and for any reason, such Tranche shall be funded and transferred by the Fund itself in full.

In this regard, the Fund has a contingent liability regarding possible payments of a share (50%) of the full amount of the Tranche in the event of refusal of the Fund's partners to pay.

The Fund creates contingent liabilities on off-balance sheet accounts by Beneficiaries and project stages.

Contingent liabilities on Off-Balance Sheets

	For 2020	**For 2019**
Balance at the beginning of the year	3 777	0
Contingent liabilities recognized	505 343	3 798
Grant payments made by the Fund's partner (IFC)	(2 077)	(21)
Balance at the end of the year	**507 043**	**3 777**

Financial Statements for the year ended 31 December 2020, in thousands of UAH.

11.3 Lease of non-current assets

In 2020, the Fund has leased office space and office furniture.
This lease covers a period not exceeding twelve months from the date of transfer of the non-current assets for lease. Lease payments are recorded as operating expenses for the period. "Leased non-current assets" are accounted for in the off-balance-sheet account at fair value:

	For 2020	For 2019
Office spaces (550,3 м2)	30 915	27 119
Office furniture	-	284

11.4 Transactions with related parties.

11.4.1 Individuals.
The Fund paid income in the form of wages or salaries (tax deducted) in UAH:

	For 2020	For 2019
Members of the Fund's Supervisory Board (2 persons)	980 618,80	1 088 710,98
Fund's Board of Directors (3 persons)	2 186 993,72	1 702 661,56

Accounts payable at 31 December 2020 and 31 December 2019 (in UAH) comprise:

	For 2020	For 2019
Members of the Fund's Supervisory Board (2 persons)	101 526,60	92 784,30
Fund's Board of Directors (3 persons)	-	-

11.5. Financial risk management

The Fund has a number of financial risks as a result of its activities, which are presented below. The Foundation aims to control and minimize the negative consequences of these risks through its risk management policies and risk management processes.

(A) Credit risk

Credit risk represents the risk of losses due to the inability of the counterparty to fulfill its financial obligations. It arises mainly from the Fund's cash and cash equivalents, counterparty cash and cash equivalents and accounts receivable.

(I) Cash and cash equivalents

The Fund manages credit risk on its cash and cash equivalents through its cash and cash equivalents held with the State Treasury of Ukraine and state banks.

(II) Counterparty cash and cash equivalents

The Fund manages credit risk arising from cash and cash equivalents on settlements with counterparties by fully limiting the use of these funds for the Fund's needs.

(III) Accounts receivable

The Fund is not exposed to credit risk, although it may arise as a result of bad debts on settlements of business operations, or when grant activities are conducted when the beneficiary must return the grant funds due under the terms of the Program.

The Fund on a regular basis carries out control of settlements in order to minimize possible overdue receivables. The Fund has no concentration of credit risk associated with accounts receivable from one counterparty.

(B) Market risk

Market risk represents the risk of losses due to changes in market prices and rates, such as currency rates and interest rates. The Fund is not exposed to market risk due to the lack of investments in financial instruments, and, accordingly, the lack of open positions on such instruments.

(I) Currency risk

The Fund is not exposed to currency risk on cash and cash equivalents and has no receivables or payables in foreign currencies.

(II) Interest rate risk

The risk of interest rate changes is negligible, since the Fund does not have financial obligations that would provide interest expenses.

(B) Liquidity risk

Liquidity risk represents a risk of loss due to the inability of the Fund to fulfill its obligations in a timely manner. The Fund manages liquidity risk by managing cash and cash equivalents held on the accounts of the State Treasury of Ukraine and the State Bank.

The contractual maturity of the Fund's financial commitments is generally up to one year, except for grant obligations for the Beneficiaries under the Fund Program (Note 10.10). Accounts payable for services and other liabilities on settlements with counterparties have a maturity period of up to three months.

All liabilities of the Fund are fully covered by highly liquid assets, which are represented by cash and cash equivalents.

(C) Geographic concentration risk

Assets and liabilities of the Fund are mainly concentrated in Ukraine.

11.6 Events after the reporting period

After the reporting period and up to the date of presentation of these notes to the financial statements for the year ended December 31, 2020, significant events that could have a material impact on the users’economic decisions did not occur. The Fund's intention is to fully meet the needs of users of the financial statements.

11.7. Correction of errors

In the reporting period (2020) there were no corrections of errors of previous periods.

Director	Y. Holovatiuk-Unhurianu
Chief Accountant	V. Kulinska