

**NGO “Centre of Environmental Initiatives “Ecoaction”**

**Financial Statements**

As at 31 December 2017

Together with Independent Auditor’s Report

**NGO “Centre of Environmental Initiatives “Ecoaction”**  
**IFRS Financial Statements**  
As at 31 December 2017 and for the year then ended

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## **Independent Auditor's Report**

To the Board of  
NGO «Centre for environmental initiatives» Ecoaction»  
52-A, Saksaganskogo Street, Kyiv 01033, Ukraine

### **Opinion**

We have audited the financial statements of NGO «Centre for environmental Initiatives «Ecoaction» (the Organization), which comprise the balance sheet as at December 31, 2017, and the related statement of income, statement of changes in capital and reserves, and cash flows for the year then ended and 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 NGO «Centre for environmental initiatives «Ecoaction» as at December 31, 2017, and the results of its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRSs).

### **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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 IFRSs, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

Auditor, director of the «Audit Firm «Sonar»



K.P. Naumenko

2018, May 04

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
As at 31 December 2017 and for the year then ended  
(in Euro)

**Balance sheet as at December 31, 2017**

Assets	Notes	<u>2017</u>	<u>2016</u>
<b>Non-current assets</b>			
Property, plant and equipment	4	4 190	
Intangible Assets			
<b>Total Non-current assets</b>		<u><b>4 190</b></u>	
<b>Current assets</b>			
Inventories	5	637	
Accrued grant income	6	18 924	
Prepayments	7	3 559	
Other current assets		13	
Cash at bank and on hand	8	10 473	
<b>Total Current assets</b>		<u><b>33 606</b></u>	
<b>Total Assets</b>		<u><b>37 796</b></u>	
<b>Equity and liabilities</b>			
<b>Equity</b>			
Property fund		4 190	
		3 731	
Project fund			
Provision for foreign currency translation		(420)	
<b>Total Equity</b>		<u><b>7 501</b></u>	
<b>Current liabilities</b>			
Payable	9	124	
Other payable	10	5 185	
Other current liabilities (Deferred grant income)	11	24 986	
<b>Total Current liabilities</b>		<u><b>30 295</b></u>	
<b>Total Equity and liabilities</b>		<u><b>37 796</b></u>	

Executive Director

Chief Accountant



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Iryna Stavchuk

Svitlana Korobova

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
As at 31 December 2017 and for the year then ended  
(in Euro)

**Income statement for 2017**

	Notes	<u>2017</u>	<u>2016</u>
<b>INCOME:</b>			
Grants			
Received from donors	12	170 599	
Deferred in the previous year			
Deferred to the next year		(24 986)	
Accrued income on grants in the previous year			
Accrued income on grants in the current year		18 924	
% Bank			
Realized exchange gain			
Unrealized exchange gain		1 966	
<b>TOTAL INCOME</b>		<u><b>166 503</b></u>	
<b>EXPENSES:</b>			
Exchange difference		(279)	
Administrative expenses	13	(35 755)	
Expenses of carrying out programs	14	(119 958)	
<b>TOTAL EXPENSES:</b>		<u><b>(155 992)</b></u>	
<b>The (deficit)/surplus for the year</b>		10 511	
Balance at the beginning			
Transfer to Property Fund		(6 074)	
Balance at the end		<u><b>4 437</b></u>	
Exchange income arising from translation income statement account at average rate rather than closing rate		(706)	
<b>Balance at 31 December (at closing exchange rate)</b>		<u><b>3 731</b></u>	

Executive Director

Chief Accountant



*(Handwritten signature)*

Iryna Stavchuk

Svitlana Korobova

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
As at 31 December 2017 and for the year then ended  
(in Euro)

	<b>2017</b>	<b>2016</b>
<b>Cash flow statement for 2017</b>		
<b>Cash flow from operating activities</b>		
The (deficit)/surplus for the year	10 511	
Adjustment for:		
Depreciation for the year	1 884	
accrued interest of the bank		
Decrease (Increase) in accrued grant income	(18 924)	
Increase (Decrease) in deferred grant income	24 986	
Working capital adjustments:		
Decrease (Increase) in account of inventories	(637)	
Decrease (Increase) in accounts prepayments	(3 559)	
Decrease (Increase) in accounts other current assets	(13)	
Increase (Decrease) in accounts payable	124	
Increase (Decrease) in account other payable	5 185	
Bank interest received		
Cash generated from operating activities	19 557	
<b>Net Cash flow from operating activities</b>	<b>19 557</b>	
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(6 074)	
<b>Net cash flow from investing activities</b>	<b>(6 074)</b>	
Effect of foreign exchange rate change on cash and cash equivalents	(3 010)	
<b>Net change in cash and cash equivalents</b>	<b>10 473</b>	
<b>Cash and cash equivalents at beginning of the year</b>		
<b>Cash and cash equivalents at the year end</b>	<b>10 473</b>	

Executive Director

Chief Accountant



Iryna Stavchuk

Svitlana Korobova

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
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 (in Euro)

**Statement of changes in capital and reserves for 2017**

	Property Fund	Project Fund	Total
<b>Balance at 31 December 2016</b>			
The surplus for the year		10 511	10 511
Transfer to property fund	6 074	(6 074)	
Depreciation for the year	(1 884)		(1 884)
<b>Balance at 31 December 2017</b>	<b>4 190</b>	<b>4 437</b>	<b>8 627</b>
Exchange gain arising from translation income statement account at average rate rather than closing rate	0	(1 126)	(1 126)
<b>Balance at 31 December 2017 (at closing exchange rate)</b>	<b>4 190</b>	<b>3 311</b>	<b>7 501</b>

Executive Director

Chief Accountant



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\_\_\_\_\_ Iryna Stavchuk

\_\_\_\_\_ Svitlana Korobova

## NGO “Centre of Environmental Initiatives “Ecoaction”

### IFRS Financial Statements

As at 31 December 2017 and for the year then ended

(in Euro)

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#### Notes to financial statements

### 1. Background

NGO “Centre of Environmental Initiatives “Ecoaction” (Ecoaction) is a non-governmental not-for-profit organization registered in 2017. Ecoaction consolidates individuals for common action to protect the environment.

Ecoaction works to bring environmental consideration into the core of any decision. We aim to bring concerns of local population and experts to the politicians, to redesign strategies and projects. We work to decrease human impact on environment, through policy changes in energy, agriculture and transport sectors.

Ecoaction is willing to maintain political and economic independence; therefore, it does not accept money from political parties or business corporations. Currently Ecoaction relies on funding from development programs of European governments and private foundations. However, we aim to get more support through donations from individual Ecoaction supporters.

Ecoaction is working in such major directions:

#### Energy

Ecoaction is trying to redirect the energy policy of Ukraine away from intensive coal and nuclear energy development towards energy efficient economy and alternative energy sources. The organization is working with politicians and officials educating them about the new approaches to energy sector management. In 2017 Ecoaction conducted a comprehensive research on the preparations for the decommissioning of nuclear power plants in Ukraine, and prepared recommendations on necessary improvements. The group had started work on promoting the energy transition to a sustainable renewable energy system in Ukraine: by organizing public events (biggest one - one-day Renewable Energy Festival in Kyiv), holding the first coordination meeting of NGOs working in this field. Ecoaction experts were contributing to the preparation and promotion of the report entitled ‘Transition of Ukraine to the Renewable Energy by 2050’ initiated by Heinrich Boell Foundation in Ukraine. Ecoaction has actively contributed in the process of the revision of country's Energy Strategy up until 2035 as a member of an Expert Board advocating for more ambitious targets in energy efficiency and in renewable energy development.



### Rural development

At least 12 local communities from three oblasts (Vinnytsya, Cherkasy and Ivano-Frankivsk) got assistance in defending their rights. Activist groups from 18 communities were receiving consultations and tutoring on the continuous basis. Ecoaction assisted in scoping steps for problem-solving, communication with local and state authorities and investors of problematic projects, media coverage, provided information and publications required to run local campaigns. Business targeted by the public campaigns have responded aggressively and have started legal cases against activists and media that are trying to cover problematic issues. Ecoaction provide ad hoc legal advice and follow two court processes (both on industrial poultry capacities).

Ecoaction acts as a regional focal point for the Land Matrix Initiative (<http://landmatrix.org/>). The Initiative is a collaboration of the Civil Society and Research institution from around the globe aiming to build comprehensive database of the big land acquisitions and to provide analysis of the phenomenon trends and impacts. In 2017 Ecoaction has been contributing to the database with the information collected primarily in Ukraine and Romania. Further, the organization has been contributing to the discussion on the land ownership in Ukraine with the public events and media publications.

### Climate change

Presentation of Scenario of Ukraine's transition to 100% renewable energy at COP23 in Bonn and in Ukraine by Ecoaction together with partner organizations. The comprehensive Scenario is the first of its kind and helps the organization to show that sustainable energy transition for Ukraine is also possible. Ecoaction also started collecting information and gathering partner NGOs and experts around the campaign "100% renewables".

Successful start of the campaign "1% for energy efficiency". Ecoaction launched the campaign and united forces with other NGOs and experts (including Ukrainian Climate Network and others) to force the government to envisage more financing for energy efficiency measures for 2018. The actions included media work, engagement of wider public (collecting letters to Prime Minister) and volunteers, action at the government building, meetings and discussions with stakeholders. As a result, the Cabinet of Ministers of Ukraine secured 2 billion UAH for energy efficiency, which is the highest state support of the kind since Ukraine's independence.

### Transport

Ecoaction develops policy recommendations to reduce the negative impact of the transport sector. We stress the vital importance of proper land use during road construction and develop effective solutions of transport problems in cities and nationwide.

In addition, Ecoaction staff participates in state working groups and provides formal comments attempted to influence strategic documents in key sectors: energy, transport and agriculture. Throughout these activities Ecoaction staff has been engaging other NGOs, experts and volunteers to the work.

As a member of CEE Bankwatch Network, Ecoaction is monitoring the activities of development banks (such as EBRD, EIB, World Bank, etc) in Ukraine and beyond, to prevent the negative impacts of their projects on environment and local people.

## **2. Basis for preparation of financial statements**

Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

National currency of Ukraine is hryvnya. Therefore, the accounting currency for the purposes of given financial statements is hryvnya.

The Organization keeps its records in UAH according to Ukrainian National Accounting Standards (UNAS). Certain adjustments not reflected in the Organization's accounting registers and required to present the Organization's financial position, its operating results and cash flows according to IFRS, make these financial statements different from those prepared under UNAS.

Financial statements are presented in euro (EUR), all amounts are rounded to integer values, if not stated another.

## **3. Key accounting judgments, estimates and assumptions and basic accounting policies**

### ***Use of estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on information available as at the date of the financial statements. Actual results, therefore, could differ from these estimates. The most significant estimates with regard to these financial statements relate to the valuation of cost and useful lives of property, plant and equipment, intangible assets.

### ***Foreign currencies***

Based on the economic substance of the underlying events and circumstances, the functional currency of the Organization is Ukrainian hryvnia.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates valid at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange valid at the balance sheet date. All resulting differences are reflected in the income statement. Non-monetary assets and liabilities in other currencies are reflected in terms of historical cost and translated using the exchange rate as at the date of the initial transaction.

These financial statements are presented in Euro. The Organization maintains its accounting records in Ukrainian Hryvnya ("UAH") in accordance with the requirements of Ukrainian statutory accounting and tax legislation. The accompanying financial statements differ from the financial statements issued for statutory purposes in Ukraine in that they reflect certain adjustments, not recorded in the Organization's books, which are appropriate to present the financial position and the results of the Organization's operations in accordance with IAS.

The translation of the financial statements from the hryvnia to the euro is carried out as follows:

- current assets and liabilities are translated at the NBU exchange rate at the date of preparation of the financial statements;
- long-term assets are translated into euros at the historical exchange rate (at the date of acquisition);
- costs in UAH for projects funded from grants in euros or US dollars are translated into euros or dollars at the exchange rate agreed upon in the grant contract;
- costs in dollars are converted into euro at the exchange cross rate of the NBU;
- other expenses and incomes in UAH are translated into euro at the average annual exchange rate of the NBU;
- balancing amounts are reflected as a reserve for conversion into foreign currency.

Following is a summary of exchange rates published by the NBU for the currencies of the Company's principal activities:

Currency exchange rates according to NBU:

<b>Official rate by NBU</b>	<b>Euro</b>	<b>USD</b>
31.12.2017	33,495424	28,067223
31.12.2016	28,422604	27,190858
Annual average NBU rate in 2017	30,004158	26,596606

***Property, plant and equipment***

Property, plant and equipment are valued at acquisition, less accumulated depreciation and accumulated loss from impairment.

Property, plant and equipment are depreciated under the straight-line method over estimated useful lives of corresponding assets:

<b>Group</b>	<b>Useful life</b>
Office equipment	3-5 years
Other	5 years

### ***Intangible assets***

Intangible assets are valued at acquisition cost, less accumulated depreciation and accumulated loss from impairment.

Intangible assets are amortized on a straight-line basis over 3 - 5 years.

### ***Receivables and other assets***

Receivables and other assets are reported at nominal value, where necessary adjusted by specific bad-debt charges.

### ***Inventories***

Inventories are assessed at lower of the cost or the net realizable value. Expenses attributable to transportation of each inventory to its current location and present condition, are included in the cost of inventories. Inventories are written-off under FIFO method.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand and short-term bank deposits.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### ***Liabilities***

Liabilities are reported at the prepayment amount.

### ***Income recognition***

Income from grants is recognized in the period in which expenses related to fulfillment of the grant were incurred.

Financing of capital investments is recognized as income in the period of beneficial usage of corresponding investment facilities (fixed assets, intangible assets, etc.) in proportion to the amount of accrued depreciation of such facilities.

Incurred project expenses coordinated with donors are recognized as receivable at the same time as income is recognized.

Accordingly, deferred grant income comprises income received in advance of the period to which it relates, is excluded from income, and accounted for as a current liability.

Similarly, accrued grant income which is income designated for the current year but received subsequent to the financial year end, is included in income and accounted for a current asset.

### ***Interest income***

Revenue is recognized as the interest accrued (taking into account the effective yield on the asset).

### **Project fund**

This fund includes voluntary contributions from organizations and citizens of Ukraine and non-project contributions from non-residents of Ukraine to support Ecoaction activities.

### **Property fund (Equipment fund)**

Upon acquisition, through grants, of fixed assets which remain the property of the organization, the funds from grants are transferred to the Property fund. In the future, income from financing is recognized proportional to the amount of accrued depreciation.

### **4. Property, plant and equipment**

During the years ended 31 December, depreciated cost of property, plant and equipment changed as follows:

	<b>Equipment</b>	<b>Total</b>
<b>Value as at 01.01.2017</b>		
Additions	6 166	6 166
Transfers		
Disposals		
Effect of exchange rate changes	(92)	(92)
<b>Value as at 31.12.2017</b>	<b>6 074</b>	<b>6 074</b>
<b>Value as at 01.01.2017</b>		
Depreciation	1 907	1 907
Disposals		
Effect of exchange rate changes	(23)	(23)
<b>Value as at 31.12.2017</b>	<b>1 884</b>	<b>1 884</b>
<b>Net book value at 31.12.2017</b>	<b>1 490</b>	<b>1 490</b>

### **5. Inventories**

	<b>2017</b>	<b>2016</b>
Brochures	637	

### **6. Accrued grants income**

As at 31 December accrued grant income included:

	<b>2017</b>	<b>2016</b>
Arnika	3 255	
CEE Bankwatch Network	6 905	
Germanwatch	1 847	
Lend matrix	6 917	
<b>Total</b>	<b>18 924</b>	

### **7. Prepayments**

As at 31 December prepayments included:

	<u>2017</u>	<u>2016</u>
Prepayments to suppliers for equipment and intangible assets		
Prepayments to suppliers for services	3 559	
<b>Total</b>	<b>3 559</b>	

#### 8. Cash and cash equivalents

As at 31 December cash and cash equivalents included:

	<u>2017</u>	<u>2016</u>
Cash at banks and on hand in local currency	1 473	
Cash at banks in foreign currency	9 000	
	<b>10 473</b>	

#### 9. Payables

	<u>2017</u>	<u>2016</u>
Payables to suppliers for equipment and intangible assets		
Payables to suppliers for services	124	
<b>Total</b>	<b>124</b>	

#### 10. Other payable

	<u>2017</u>	<u>2016</u>
Reserve fund for anticipated expenses	5185	
<b>Total</b>	<b>5185</b>	

#### 11. Other current liabilities (Deferred grants income)

	<u>2017</u>	<u>2016</u>
DRA	8 120	
Germanwatch	335	
GGF	2 868	
Norges naturvernforbning	3 660	
SSNC	10 003	
<b>Total</b>	<b>24 986</b>	

#### 12. Received from donors

Income:	<u>2017</u>	<u>2016</u>
Arnika	21 871	
BUND	1 000	
CEE Bankwatch Network	20 289	
DRA	23 278	
Germanwatch	3 184	
GGF	4 432	
Norges naturvernforbning	32 065	
SSNC	49 415	
Boell Foundation	4 150	
Friends of the Earth Europe	445	

Lend matrix	10 058
Other	412
<b>Total:</b>	<b>170 599</b>

<b>13. Administrative expenses</b>	<b>2017</b>	<b>2016</b>
Salaries administrative staff	17 222	
Office rent and maintenance, office expences	15 152	
Communications (phone, internet, postal)	522	
Maintenance	319	
General assmbly, retreats, planing sessions	1 118	
Audits	299	
Bank fees	1 123	
<b>Total:</b>	<b>35 755</b>	



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