

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

**Financial Statements**

**As at 31 December 2022**

**Together with Independent Auditor’s Report**



**NGO “Centre of Environmental Initiatives “Ecoaction”**  
**IFRS Financial Statements**  
As at 31 December 2022 and for the year then ended

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# INDEPENDENT AUDITOR'S REPORT

**To the board and members of Organization;  
To the Executive Director  
Of the Centre for Environmental Initiatives "Ecoaction"  
Ms. Polunina Olga**

## Opinion

We have audited the financial statements of the Centre for Environmental Initiatives "Ecoaction" (hereinafter – Organization), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of 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 give a true and fair view of the financial position of the Organization as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance 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 within the meaning of the ethical requirements applicable in Ukraine to our audit of financial statements and have fulfilled our other responsibilities under those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note «Special Provisions» in the financial statements, which indicates that according to Decree of the President of Ukraine of February 24, 2022 No. 64/2022 "On martial law in Ukraine" in connection with the military aggression of the Russian Federation against Ukraine on the territory of Ukraine imposed martial law from 05 hours 30 minutes on February 24, 2022.

This situation and subsequent events have a comprehensive impact on all Organizations operating in Ukraine. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. At present, it is impossible to reliably assess the impact of military aggression on the Organization's future activities.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recognition of income and expenses related to the execution of projects

Implementation of non-profit projects, including contracts funded by various donors, is a core activity of the Organization. Auditors believe, the income and expenses associated with the implementation of these projects are the most influential indicators of financial reporting; they give an idea of the Organization's activities for the reporting year. Taking into account the significance of this indicator, the auditors carried out in-depth analysis of the documents that are the basis for recognizing such income and expenses. Documents that verify the balance of payments with donors were also examined, as these documents also confirm the Organization's compliance with its obligations under grant agreements.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for 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.

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, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used 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 Organization'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 Organization to cease to continue as a going concern.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Director of Audit firm Marinchenko and partners, LLC



Alexander Marinchenko (Registration number in the Register of Auditors №100369)

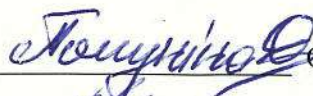
July 27, 2023

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
For the year ended December 31, 2022  
(in Euro)

**Balance sheet as at December 31, 2022**

Assets	Notes	2022	2021
<b>Non-current assets</b>			
Property, plant and equipment	4	7 504	12 821
Intangible Assets	5	1 113	2 357
Total Non-current assets		<u>8 617</u>	<u>15 178</u>
<b>Current assets</b>			
Inventories	6	38 544	980
Accrued grants income	7	41 987	19 768
Prepayments	8	34 395	8 751
Other current assets		179	204
Cash at bank and on hand	9	225 583	328 736
Total Current assets		<u>340 688</u>	<u>358 439</u>
<b>Total Assets</b>		<u>349 305</u>	<u>373 617</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Property fund		8 617	15 178
Project fund		68 979	10 410
Provision for foreign currency translation		(1)	
<b>Total Equity</b>		<u>77 595</u>	<u>25 588</u>
<b>Current liabilities</b>			
Payable		29 570	20 322
Other payable	10	40 365	16 003
Other current liabilities (Deferred grants income)	11	201 775	311 704
<b>Total Current liabilities</b>		<u>271 710</u>	<u>348 029</u>
<b>Total Equity and liabilities</b>		<u>349 305</u>	<u>373 617</u>

Executive Director



Olga Polunina

Chief Accountant



Svitlana Korobova

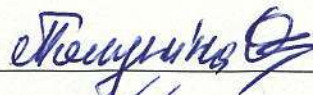


**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
For the year ended December 31, 2022  
(in Euro)

Income statement for 2022

	Notes	2022	2021
<b>INCOME:</b>			
Grants			
Received from donors	12	779 149	854 367
Humanitarian aid		260 637	
Deferred in the previous year		311 704	119 842
Deferred to the next year		(201 775)	(311 704)
Deferred to the next year others			(7 252)
Accrued income on grants in the previous year		(19 768)	(15 233)
Accrued income on grants in the current year		41 987	19 768
Services provided		8 807	24 783
% Bank		215	263
Realized exchange gain		417	
Foreign exchange gain		36 964	
<b>TOTAL INCOME</b>		<b>1 218 338</b>	<b>684 834</b>
<b>EXPENSES:</b>			
Foreign exchange loss			(6 195)
Exchange difference			(2 930)
Account of own funds		(8 438)	
Humanitarian aid		(250 180)	
Administrative expenses	13	(133 149)	(121 242)
Expenses of carrying out programs	14	(726 692)	(540 140)
<b>TOTAL EXPENSES:</b>		<b>(1 118 459)</b>	<b>(670 507)</b>
<b>The (deficit)/surplus for the year</b>		<b>99 879</b>	<b>14 327</b>
Balance at the beginning		10 410	8 041
Transfer to Property Fund		(4 750)	(6 852)
Transfer to Project Fund			(3 429)
Balance at the end		<b>105 539</b>	<b>12 087</b>
Exchange income arising from translation income statement account at average rate rather than closing rate		(36 560)	(1 677)
<b>Balance at 31 December (at closing exchange rate)</b>		<b>68 979</b>	<b>10 410</b>

Executive Director



Olga Polunina

Chief Accountant



Svitlana Korobova

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
For the year ended December 31, 2022  
(in Euro)

<b>Cash flow statement for 2022</b>		
	<b>2022</b>	<b>2021</b>
<b>Cash flow from operating activities</b>		
The (deficit)/surplus for the year	99 879	14 327
Adjustment for:		
Depreciation for the year		
accrued interest of the bank	(216)	(263)
Decrease (Increase) in accrued grant income	(22 219)	(4 535)
Increase (Decrease) in deferred grant income	24 362	191 862
Working capital adjustments:		
Decrease (Increase) in account of inventories	(37 564)	952
Decrease (Increase) in accounts prepayments	(25 644)	(122)
Decrease (Increase) in accounts other current assets	25	(78)
Increase (Decrease) in accounts payable	(109 929)	20 319
Increase (Decrease) in account other payable	9 248	6 283
Bank interest received	216	263
Cash generated from operating activities	(61 842)	229 008
<b>Net Cash flow from operating activities</b>	<b>(61 842)</b>	<b>229 008</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(4 752)	(6 852)
<b>Net cash flow from investing activities</b>	<b>(4 752)</b>	<b>(6 852)</b>
Effect of foreign exchange rate change on cash and cash equivalents	(36 559)	(5 107)
Net change in cash and cash equivalents	(103 153)	217 049
Cash and cash equivalents at beginning of the year	328 736	111 687
Cash and cash equivalents at the year end	225 583	328 736

Executive Director



Olga Polunina

Chief Accountant



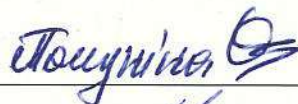
Svitlana Korobova

**NGO "Centre of Environmental Initiatives "Ecoaction"**  
**IFRS Financial Statements**  
For the year ended December 31, 2022  
(in Euro)

**Statement of changes in capital and reserves for 2022**

	Property Fund	Project Fund	Provision for foreign currency translation	Total
<b>Balance at 31 December 2021</b>	<b>15 178</b>	<b>10 410</b>	<b>0</b>	<b>25 588</b>
The surplus for the year		99 879		99 879
Transfer to property fund	4 752	(4 752)		
Transfer to project fund				
Depreciation for the year	(8 686)			(8 686)
<b>Balance at 31 December 2022</b>	<b>11 244</b>	<b>105 537</b>		<b>116 781</b>
Exchange gain arising from translation income statement account at average rate rather than closing rate	(2 627)	(36 558)	(1)	(39 186)
<b>Balance at 31 December 2022 (at closing exchange rate)</b>	<b>8 617</b>	<b>68 979</b>	<b>(1)</b>	<b>77 595</b>

Executive Director



Olga Polunina

Chief Accountant



Svitlana Korobova



**NGO "Centre of Environmental Initiatives "Ecoaction"**

**IFRS Financial Statements**

For the year ended December 31, 2022

(in Euro)

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**Notes to financial statements**

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**1. Background**

NGO "Centre of Environmental Initiatives "Ecoaction" (Ecoaction) is a non-governmental not-for-profit organization founded in 2017 to unite efforts of experts and activists in a joint struggle to protect the environment. We advocate for renewable energy, countering climate change, clean air for all and sustainable development of transport and agriculture in Ukraine. Our mission is to protect the environment via influencing decision makers and stakeholders and to develop an active Ukrainian community. Thus, our activities aim to influence decision makers and encourage them to conduct more environmentally friendly government policy from one hand, and from the other, to develop strong and influential community of civil society actors in Ukraine and the region to make the joint efforts more effective.

Ecoaction is willing to maintain political and economic independence, therefore it doesn't 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 individual donations from Ecoaction supporters.

Ecoaction is working currently on the following topics:

***Energy***

Ecoaction is trying to redirect the energy policy of Ukraine away from intensive coal and nuclear energy development to energy efficient economy and renewable energy sources (RES). Ecoaction is working with politicians and officials advocating for new approaches to energy sector management. Due to Russia's full-scale invasion on 24 February 2022 Ecoaction has shifted its focus to a green reconstruction of Ukraine, a reconstruction with renewables and energy efficiency measures and without new fossil and nuclear projects. Ecoaction contributed to the draft National Recovery Plan, with some comments making it into the first publicly available draft that was presented in Lugano, Switzerland in July 2022. Ecoaction continued to support the Platform for Sustainable Development of Coal Towns of Donetsk region (uniting 9 towns, 3 local NGOs and the regional CCI), providing first and foremost a humanitarian support (food, medicine, generators, water purification stations) in the first months of the full-scale invasion. Since the summer 2022 the topic of a future just

transition from coal to renewables and diversification of their economies has again come into focus, stresses by the communities' themselves as they see it as part of their reconstruction process. Ecoaction has also broadened its scope and started working with coal towns in three other regions – Dnipropetrovsk, Lviv and Volyn. An advocacy trip to Brussels and Berlin was organized in the autumn 2022.

Additionally, Ecoaction has opposed the inclusion of new nuclear projects into national recovery plans/programs, as well as communicated the need to prepare for the eventual decommissioning of old nuclear units.

In 2022 Ecoaction also continued to work on the national and international levels promoting the energy transition to a sustainable renewable energy sources but now through the lenses of energy security and energy resilience of the Ukrainian communities. Due to Russia's targeted attacks on Ukraine's energy system the topic of energy transition sped up and the discussions around a more decentralised energy system became mainstream. Ecoaction has presented a sociological survey "Renewables are here: what do Ukrainians think about a green future for their households?", advocated for the introduction of net billing and helped with the implementation of a green reconstruction project near Kyiv, in an outpatient clinic in the village of Horenka, where a PV station, storage and a heat pump were installed in cooperation with Greenpeace CEE.

Ecoaction has also been vocally advocating on the international level for the "greening" of the emergency energy aid Ukrainian communities are receiving, especially for critical social infrastructure (hospitals, schools, water utilities etc.)

#### *Climate change*

From February 2022, our work was additionally focused on analysing the impact of war on environment. During 2022 we continued to maintain the database, where we monitor potential negative environmental damage caused by Russian aggression. In the frame of the planned activities we actively communicated this topic in national and international media, as well as in social networks.

During 2022, Ecoaction prepared 8 positions that were supported by other NGOs. They were focused on the Election Commission's action plan, the plan for the restoration of Ukraine, and international negotiations. None of the action plans were published by the authorities during this period, so we could analyze the inclusion of Ecoaction's proposals.

During the COP, together with the partners BUND and Sensate, Ecoaction organised an event on the impact of the war on fossil fuel production and global climate policy on different continents.

Together with Berlin Economics, we have developed a common vision "Implementing a green recovery in Ukraine: program design and policy requirements". In December organised first online event about ETS for beginners together with partners.

Ecoaction proposed basic principles for a Green post-war reconstruction, which would ensure the sustainable development of the economy and communities. During April-December 2022 we focused on the adaptation in the frame of green post-war recovery with a focus on local communities. To support Ukrainian communities in their green recovery pathway, Ecoaction supported 4 NGO, who developed the recommendations on the climate change adaptation for the local post-war recovery strategies. NGO "Ukrainian Nature Conservation Group" developed recommendations on the compensatory restoration of ecosystems that have been affected by the war (directly or indirectly), adapted to specific 3 communities. NGO "Ecosense" initiated updating Zaporizhzhia's Sustainable Energy and Climate Action Plan (SECAP), taking into account the impact of war and climate goals. NGO Ekoltava assessed climate change impact on the Sumy Urban Territorial community as a fundamental step towards adaptation, to develop a climate change adaptation plan as part of the development of the updated SECAP. NGO "Center for public and media initiatives" developed recommendations for the green recovery of the Lyubotyn city (Kharkiv region), taking into account the risks caused by climate change and war.

To educate local NGOs and local governments on Green Recovery, we organize a series of capacity-building webinars for representatives of the local communities. Overall, we organized 6 webinars; more than 500 participants were registered. We collected all materials on Ecoaction YouTube channel and on a special page on the Ecoaction's website, where informational materials for communities about Green Recovery are stored: "Everything communities need to know about green recovery" (in Ukrainian).

Ecoaction continue coordinate CAN EECCA network. In the beginning of 2022 CAN EECCA opened an Instagram account and reactivated its Twitter page. We also updated the website to a more modern version. As a result, the online reach grew 4 times in comparison with 2021. The total online reach of all platforms was 2 million users.

During 2022 CAN EECCA was mentioned in media 26 times in 5 languages (Russian, English, Ukraine, Kyrgyz, Spanish). Most of the comments were made by the network coordinator to international media sources like Washington Post, The Eurasian Brief Podcast, ABC News, BBC Sounds etc. In 2022 CAN EECCA team members attended 40



online and onsite events introducing the network to 1549 new people from different countries.

The biggest win of 2022 for CAN EECCA is the fact that the government of Kyrgyzstan joined the Climate Vulnerable Forum. We advocated for this during a couple of years. At COP26 in Glasgow we organised a meeting between Kyrgyz Delegation and CVF Secretariat

The war brought the usual climate policy processes in the region to the backside. However, it also highlighted many of our members asks from previous years like the need for decentralised energy system, phasing out of fossil fuels etc. We have stated these points in our joint Position before the UN climate conference. CAN EECCA members joined COP27 in Egypt for advocacy goals where we managed to meet with the delegations of Ukraine, Georgia, Kazakhstan, Kyrgyzstan and Tajikistan. The network members got a better understanding of their role at the multilateral spaces as well as managed to pass their positions to the decision-makers. After the return, they all became more active in following up on their governments promises.

UCN elected new network coordinator and continued maintaining communication with the network members. During 2022 UCN team prepared and shared 6 monthly digests, containing news of the network and its members, announcements of upcoming events and activities.

The UCN members prepared a position for COP and managed to meet with the delegation to communicate it. The advocacy of climate goals for Ukraine became very challenging during 2022 due to the Russian invasion. 4 representatives of UCN participated in COP27. They were involved in 7 events organised by UCN and partner organisations in Ukrainian pavillion, and ensured production of textual and video content for UCN resources.

During 2022 4 appeals or positions of civil society were brought to the state authorities, which were initiated or supported by UCN, including: Recommendations for the development of distributed generation in Ukraine; The position of the UCN regarding the priorities of climate policy in Ukraine and the world before COP27; Appeal to the President of Ukraine on the draft law No. 7282 regarding reforming the sphere of urban development; Joint position regarding the inadmissibility of the adoption of draft law No. 8058 regarding state regulation of economic activity

#### *Industry and agriculture*

In 2022 Ecoaction mainly focused on two main issues: food security and green recovery of agriculture in Ukraine. Our planned activities have been adapted, considering war and related global food crises. Regarding this, Ecoaction prepared a few analytical documents explaining the current situation and participated in different international events communicating the problem of food security and the necessity to rebuild the system. Also, one of Ukraine's green recovery principles, Ecoaction recognised as the development of sustainable and decentralised agri-food systems. We also prepared the position on agriculture's green recovery and development. Based on the principles and position, Ecoaction has been involved in the working group (WG) within the National Recovery Council (mainly - WG "Environmental security", but also drafted propositions to the WG "New Agrarian Policy"). With regard to the green reconstruction process, Ecoaction conducted a series of webinars concerning the green reconstruction of Ukrainian agriculture, focusing on environmental and social issues.

Due to the renewal of the EU accession process, the discussion on the Nitrate Directive's implementation has also been restored. So Ecoaction tried to force the process and to promote the designation of nitrate-vulnerable zones on the ground. Also, Ecoaction monitored the law amendments and prepared the propositions or civil society's positions regarding some improper law changes.

Finally, Ecoaction organised the expedition of water checking, focusing mainly on the communities impacted by the war. This time the campaign has been held without local trips and based on only laboratory analyses. We focused on the groundwater as it could be the primary drinking source in rural areas. The team's goal was to help communities impacted by the war to check the quality of drinking water in their community and spread information about the importance of pollution prevention and public environmental monitoring.

Ecoaction continues to support local communities in their claims to defend their rights for a safe environment. In 2022, Ecoaction helped them to check the quality of water drinking resources in their community.

Ecoaction acts as a regional focal point for the Land Matrix Initiative. The Initiative is a collaboration of the civil society and research institutions 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 the sector of industrial air pollution, first of all, Ecoaction responded to emergency issues and supported the activists connected to industrial pollution prevention, who had been

impacted by the war and had to displace to safe regions. Secondly, we conducted training concerning air quality monitoring and relatable technical issues for the representatives of communities, NGOs and experts.

We understand that in order to achieve great change the efforts should to be united. Thus, we are members of six international networks: Climate Action Network International and CAN EECCA, CEE Bankwatch Network, Coalition on Human Rights in Development, INFORSE Europe, Land Matrix, Transport and Environment, – we are the members of 4 national networks: Ukrainian Climate Network, Ukrainian Rural Development Network, Ukrainian Urban Movement, Coalition for Energy Transition.

#### ***Special provisions***

According to the Decree of the President of Ukraine of February 24, 2022, No. 64/2022 "On martial law in Ukraine" in connection with the military aggression of the Russian Federation against Ukraine on the territory of Ukraine imposed martial law from 05 hours 30 minutes on February 24, 2022.

The specified situation and subsequent events have a comprehensive impact on all companies whose activities are carried out on the territory of Ukraine. Accordingly, the Organization's management notes that there is a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern.

Currently, it is impossible to reliably assess the impact of military aggression on the Organization's future activities. It should be noted that the Organization has no suppliers and buyers who are residents of aggressor countries, business relations do not extend to the territory of these countries.

It should be noted separately that the Management does not intend to cease the Organization's activities, therefore the provisions of IFRS 5 "Non-current assets held for sale and discontinued operations" were not applied during the preparation of financial statements.

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

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

National currency of Ukraine is hryvnia (UAH). Therefore, the accounting currency for the purposes of given financial statements is hryvnia.

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.

These financial statements are presented in Euro. The Organization maintains its accounting records in Ukrainian hryvnia ("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;



- 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:

Official rate by NBU	Euro	USD	CZK	NOK
31.12.2022	38,951000	36,568600	1,610100	3,691700
31.12.2021	30,922600	27,278200	1,240100	3,100000
Annual average NBU rate in 2022	33,982000	32,342300	1,259100	3,363100

#### **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:

Group	Useful life
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:

	Equipment	office furniture and fittings	Others	Total
<b>Value as at 01.01.2022</b>	<b>38 244</b>	<b>7 093</b>	<b>1 643</b>	<b>46 980</b>
Additions	4 752			4 752
Transfers				
Disposals			(438)	(438)
Effect of exchange rate changes				
<b>Value as at 31.12.2022</b>	<b>42 996</b>	<b>7 093</b>	<b>1 205</b>	<b>51 294</b>

	Equipment	office furniture and fittings	Others	Total
<b>Depreciation</b>				
<b>Value as at 01.01.2022</b>	<b>25 656</b>	<b>7 053</b>	<b>1 450</b>	<b>34 159</b>
Depreciation	7 604	36	177	7 817
Disposals			(438)	(438)
Effect of exchange rate changes	2 232	4	16	2 252
<b>Value as at 31.12.2022</b>	<b>35 492</b>	<b>7 093</b>	<b>1 205</b>	<b>43 790</b>
<b>Net book value at 31.12.2022</b>	<b>7 504</b>			<b>7 504</b>

#### 5. Intangible Assets

	Intangible Assets	Total
<b>Value as at 01.01.2022</b>	<b>5 615</b>	<b>5 615</b>
Additions		
Transfers		
Disposals		
Effect of exchange rate changes		
<b>Value as at 31.12.2022</b>	<b>5 615</b>	<b>5 615</b>
<b>Depreciation</b>		
<b>Value as at 01.01.2022</b>	<b>3 258</b>	<b>3 258</b>
Depreciation	869	869
Disposals		

Effect of exchange rate changes	375	375
<b>Value as at 31.12.2022</b>	<b>4 502</b>	<b>4 502</b>
<b>Net book value at 31.12.2022</b>	<b>1 113</b>	<b>1 113</b>

#### 6. Inventories

Materials		
<b>Value as at 01.01.2022</b>	<b>980</b>	<b>980</b>
Additions	335 901	335 901
Write off	(292 613)	(292 613)
Effect of exchange rate changes	(5 724)	(5 724)
<b>Value as at 31.12.2022</b>	<b>38 544</b>	<b>38 544</b>

#### 7. Accrued grants income

As at 31 December accrued grant income included:

	2022	2021
CEE Bankwatch Network	9 769	8 552
Germanwatch	16 169	10 859
BUND		283
Austausch	13 869	74
NORDISK FOLKECENTER	1 136	
LandMatrix	1 024	
ECF	20	
<b>Total</b>	<b>41 987</b>	<b>19 768</b>

#### 8. Prepayments

As at 31 December prepayments included:

	2022	2021
Prepayments to suppliers for equipment and intangible assets		
Prepayments to suppliers for services	34 395	8 751
<b>Total</b>	<b>34 395</b>	<b>8 751</b>

#### 9. Cash and cash equivalents

As at 31 December cash and cash equivalents included:

	2022	2021
Cash at banks and on hand in local currency	31 763	37 716
Cash at banks in foreign currency	193 820	291 020
<b>Total</b>	<b>225 583</b>	<b>328 736</b>



**10. Other payable**

	2022	2021
Reserve fund for anticipated expenses	40 365	16 003
<b>Total</b>	<b>40 365</b>	<b>16 003</b>

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

	2022	2021
Austausch		2 588
IRF	24 494	29 366
Norges naturvernforbning	10 437	
SSNC	6 274	
LandMatrix		468
BUND	4 886	
CAN	14 000	10 539
ECF		17 500
EUROPEAN COMMISSION	112 357	245 168
Germanwatch	993	
GREENPEACE	26 406	
Others	1 928	6 075
<b>Total</b>	<b>201 775</b>	<b>311 704</b>

**12. Received from donors**

Income:	2022	2021
BUND	68 091	61 333
CEE Bankwatch Network	78 161	115 043
Austausch	63 954	49 231
Germanwatch	112 777	31 900
CAN	16 000	12 000
Norges naturvernforbning	36 222	37 361
SSNC	114 164	127 829
GREENPEACE	139 500	
IRF	56 956	87 785
Land matrix	43 762	50 559
NORDISK FOLKECENTER	3 986	
Swedish Institute	6 750	10 624
ECF		17 500
EUROPEAN COMMISSION		245 291
Others	38 826	7 911
<b>Total:</b>	<b>779 149</b>	<b>854 367</b>

**13. Administrative expenses**

	2022	2021
Salaries administrative staff	90 471	71 256
Consultants and External experts		390
Office rent and maintenance, office expenses	33 431	39 957
Communications (phone, internet, postal)	678	828
General assembly, retreats, planning sessions		
Audits	1 994	1 091
Publications, web, promo, visibility		172
Bank fees	6 236	4 119
Others	339	3 429
<b>Total:</b>	<b>133 149</b>	<b>121 242</b>

#### 14. Expenses carrying out program (Euro)

[illegible]

Executive Director *Oleg Polunina* Olga Polunina

**Chief Accountant**

Svitlana Korobova



Прошито, пронумеровано та скріплено  
печаткою 16 (шестнадцять)

Директор ТОВ «АФ «Маріненко і  
партнери» \_\_\_\_\_  
Маріненко О.О.

