

**NON-GOVERNMENTAL ORGANIZATION
«PUBLIC TELEVISION»**

FINANCIAL STATEMENTS

**In accordance with National Regulations (Standards)
of Accounting in Ukraine
for the year ended December 31, 2018**

Together with INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Founders and Management of the
NON-GOVERNMENTAL ORGANIZATION "PUBLIC TELEVISION"

OPINION

We have audited the financial statements of Non-governmental Organization "PUBLIC TELEVISION" (hereinafter – the Organization), which comprise the Balance as at December 31, 2018, the Statement of financial results for the year then ended and Notes to the financial statements.

In our opinion, the accompanying financial statements of the Organization for the year ended December 31, 2018 are prepared, in all material respects, in accordance with National Regulations (Standards) of Accounting in Ukraine (hereinafter – NR(S)A).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing, accepted for use in Ukraine by Audit Chamber of Ukraine (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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 of the financial statements in accordance with NR(S)A 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 going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operation, 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 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 judgement 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.
- evaluate the overall presentation, structure and content of financial statements, including notes to the financial statements.

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.

Olena Volska
Managing Partner and Director

Emergex Outsourcing LLC
13A Universitetskaya str., Kyiv, 03110 Ukraine.



May 24, 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Balance sheet

as at December 31, 2018

(in thousands of Ukrainian Hryvnyas)

ASSETS	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Non-current assets			
Capital investments in progress	1005	-	2,014.2
Property, plant and equipment	1010	8,461.4	8,045.4
historical cost	1011	14,744.6	17,574.3
depreciation	1012	(6,283.2)	(9,528.9)
Long-term biological assets	1020	-	-
Long-term financial investments	1030	-	-
Other non-current assets	1090	-	-
Total Section I	1095	8,461.4	10,059.6
ii. Current assets			
Inventories	1100	0.3	0.3
including finished goods	1103	-	-
Current biological assets	1110	-	-
Accounts receivable for goods, works and services	1125	-	2.0
Accounts receivable on settlements with the budget	1135	-	-
including corporate tax	1136	-	-
Other current accounts receivable	1155	403.7	513.3
Current financial investments	1160	-	-
Cash and cash equivalents	1165	14,173.9	17,937.3
Deferred expenses	1170	39.0	107.1
Other current assets	1190	4.4	4.4
Total Section II	1195	14,621.3	18,564.4
iii. Non-current assets for sale and disposal groups	1200	-	-
TOTAL	1300	23,082.7	28,624.0

Balance sheet (continued)**as at December 31, 2018***(in thousands of Ukrainian Hryvnias)*

LIABILITIES	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Equity			
Statutory capital	1400	-	-
Additional paid-in capital	1410	486.6	348.5
Reserve capital	1415	-	-
Retained earnings (uncovered loss)	1420	379.4	863.1
Unpaid capital	1425	-	-
Total Section I	1495	866.0	1,211.6
II. Long-term liabilities, special purpose funding and provision			
	1595	14,134.5	15,137.0
III. Current liabilities			
Current accounts payable of:			
long-term liabilities	1610	-	-
goods, works and services	1615	190.7	2,346.9
settlements with the budget	1620	4.1	67.0
including corporate tax	1621	-	-
settlements on insurance	1625	8.5	79.2
settlements with personnel	1630	77.3	296.1
Deferred income	1665	7,801.6	9,484.4
Other current liabilities	1690	-	1.8
Total Section III	1695	8,082.2	12,275.4
IV. Liabilities related to non-current assets for sale and disposal groups			
	1700	-	-
TOTAL	1900	23,082.7	28,624.0

Director



(signature)

Natalia Gumenyuk

Chief Accountant

(signature)

Olga Lomakovska

Statements of financial results
for the year ended 31 December, 2018
(in thousands of Ukrainian Hryvnyas)

Item	Line code	For the reporting period	For prior period
1	2	3	4
Net revenue from sales of goods, works and services	2000	305.8	23.0
Other operating income	2120	54,535.4	52,493.4
Other income	2240	252.8	167.6
Total net income (2000 + 2120 + 2240)	2280	55,094.0	52,684.0
Cost of sales of goods, works and services	2050	-	-
Other operating expenses	2180	(54,610.3)	(52,572.2)
Other expenses	2270	-	(8.4)
Total expenses (2050 + 2180 + 2270)	2285	(54,610.3)	(52,580.6)
Financial results before taxation (2280 - 2285)	2290	483.7	103.4
Corporate tax	2300	-	-
Net profit (loss) (2290 - 2300)	2350	483.7	103.4

Director

Chief Accountant



(signature)

(signature)

Natalia Gumenyuk

Olga Lomakovska

Notes to the financial statements for the year ended December 31, 2018

1. GENERAL INFORMATION

Non-governmental Organization «Public Television» (hereinafter – the Organization) is a voluntary nonprofit public association founded on individual membership and established on the basis of unity of interests for joint implementation of activity aim.

The main purpose of Organization is providing of social services, legal assistance, environmental, amateur sport, cultural, educational and scientific activities, including, but not exclusively, the protection and realization of social, creative and economic rights and interests of Organization's members and other members of society, furtherance of creative, scientific, technical potential realization and satisfaction of information requirements of society, providing informational services through collection, processing, creation, storage and preparing of information, disperse and news release, providing photo-, video- and other informational products to mass media, state authorities, enterprises, institutions, organizations, non- governmental organizations and individuals in Ukraine and abroad.

As at December 31, 2018 the number of employees of the Organization amounted to 4 people.

Business address: 010010, Ukraine, Kyiv, M. Omelyanovicha-Pavlenka str., 4/6, 13 floor.

2. ACCOUNTING POLICY

General information

The Organization maintains its accounting records in accordance with the National Regulations (Standards) of Accounting in Ukraine (R(S)A) and other regulatory requirements for accounting and reporting in Ukraine

Financial statements of Organization for the year ended December 31, 2018 are presented in compliance with the requirements of NAR(S) 25 «Financial statement of small enterprise». This standard provides the order of preparation and presentation such forms of the financial statements as balance sheet and statement of financial results.

Accounting of special purpose and non-target funding

Special purpose funding means that funds received with the certain conditions, directions and budgets of their use in the non-repayable financial assistance and voluntary donations framework. Funds must be used just for specific purposes according to time framework and Organization must report about usage of funds. Usage of funds for other purposes is unallowed.

Non-target funding means that funds received without the certain conditions, directions and budgets of their use.

Fixed assets and low-value non-current assets

The Organization recognizes as fixed assets the tangible assets that are used in business activity and the expected useful life of which exceeds one year and the cost exceeds UAH 6,000 or more per unit. Depreciation of all groups of fixed assets accrued straight-line method over its useful life.

Low-value non-current assets are all assets used in the activity of more than one year, the initial value is less than UAH 6,000 per unit. Depreciation is calculated at 100% in the first moth of usage.

Inventories

The recognition and initial measurement of inventories (raw materials, components, products) are carried out in accordance with NR(S)A 9 «Inventories».

The evaluation of the inventory at usage or disposal is carried out using FIFO method.