



FINANCIAL AUDIT REPORT





State Audit Office of Georgia

„Approved by“

Head of Social Sector Audit Department

Mariam Zaalishvili

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31 January 2025 Year

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Audit report of the consolidated
financial statements of the Ministry of Internally
Displaced Persons from the Occupied
Territories, Labor, Health and Social Affairs of
Georgia for the reporting period ending on
December 31, 2023

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Terms and Abbreviations

Accounting Instructions – Instructions authorized under the Decree N108 issued by the Minister of Finance of Georgia on May 5, 2020, “Financial Reporting and Accounting Instruction for Public Sector Institutions in Accordance with International Public Sector Accounting Standards (IPSAS)”

Agency For IDPs – LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons.

Inventory Regulations – Instruction authorized under the decree N364 issued by the Minister of Finance of Georgia on December 31, 2021, “Inventory of Assets and Liabilities and Recognition in Financial Statement for Public Sector Institutions, in accordance with International Public Sector Accounting Standards (IPSAS)”

Regulatory Agency – LEPL State Agency for Regulation of Medical and Pharmasutical Activities

Agency – LEPL National Health Agency

Emergency Situations Center – LEPL Emergency Situation Coordination and Urgent Assistance Center

Ministry – Ministry of Internally Displaced Persons (IDPs) from the Occupied Territories, Labor, Health and Social Affairs of Georgia and its Legal Entities under Public Law (LEPL)

IPSAS – International Public Sector Accounting Standards

Solidarity Fund – NNLE Georgian Solidarity Fund

Social Agency – LEPL Social Service Agency

Administrative Unit – Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia without its LEPLs

Center– LEPL National Center for Disease Control and Public Health

Holding – NNLE Georgian Medical Holding

General information about the Auditee

The Ministry is the executive body¹ responsible for ensuring implementation of state governance and public policy in the sector of IDPs from the occupied territories, labor, health and social affairs, and using its authority through the Administrative Unit and its Legal Entities under Public Law.

Scope and tasks of the Ministry:

- Development, implementation and coordination of the state policy in the area of labor, health and social affairs, including social affairs and accommodation of refugees, and eco-migrants (people with forced displacement due the natural disasters).
- In the field of refugees, eco-migrants and reintegration issues:
 - addressing the concerns of displaced individuals and eco-migrants taking into account political, socio-economic, and demographic conditions of the country;
 - Recording migration patterns resulting from emergency situations (such as natural disasters, epidemics, and other crises);
 - Facilitating reintegration of the Georgian citizens returning to Georgia from emigration.
- In the Healthcare field:
 - Provision of individual medical services;
 - Provision of public healthcare services;
 - Regulation of medical and pharmaceutical activities;
- In the field of social affairs:
 - offering targeted social assistance to the population
 - Ensuring timely distribution of applicable financial support to the social groups defined by the legislation;
 - Childcare and related matters;
 - Advocating for the development and execution of policies to combat domestic violence and protect victims of such violence.
- In the field of labor and employment:
 - Promotion of labor relations and social partnerships;
 - Regulating of labor migration;
 - Encouraging job opportunities, coordinating non-military, and addressing alternative labor recruitment issues;
 - Promoting implementation of safety measures for labor protection in organizations and institutions and addressing instances of labor discrimination;
 - Exercising state supervision in accordance with the Labor Safety Law of Georgia, ensuring compliance with labor safety norms on high-risk, heavy, harmful and hazardous jobs and exercising other powers granted to the supervisory body by the Law.
- Regarding the integration of individuals with international protection, foreigners with legal status in Georgia, and stateless persons with recognized status in Georgia – through cooperation with the relevant state authorities, development and implementation of local integration programs.

Approved budget, adjusted budget and actual expenditure of the Ministry for the year of 2023 is presented below²:

Table N1. Approved budget, adjusted budget and actual expenditure (GEL)

Title	Approved	Adjusted	Actual expenditure	%
	1	2	3	3/2
Total:	7,108,420,000	7,119,913,754	7,117,759,834	100%
Expenses	6,786,228,000	6,837,062,864	6,865,288,770	100%
Increase in non-financial Assets	322,192,000	282,850,890	252,471,064	89%

The Ministry exercised state control over 16 institutions, through which it implemented various programs ³.

Table N2. Distribution of budgetary funds

Balance Unit	Amount	%
Total:	7,117,759,834	100.00 %
LEPL Social Service Agency	5,035,010,743	70.74%
LEPL National Health Agency	1,287,604,707	18.09%
LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons	271,579,939	3.82%
LEPL Emergency Situation Coordination and Urgent Assistance Center	142,604,204	2.00%
LEPL National Center for Disease Control and Public Health	95,218,341	1.34%
LEPL Agency For State Care And Assistance For the (Statutory) Victims of Human trafficking	84,545,518	1.19%
NNLE Georgian Solidarity Fund	67,036,392	0.94%
Administrative Unit	62,104,955	0.87%
NNLE Georgian Medical Holding	39,564,205	0.56%
LEPL State Employment Support Agency	10,013,333	0.14%
LEPL Information Technology Agency	9,359,817	0.13%
LEPL State Agency for Regulation of Medical and Pharmasutical Activities	6,906,382	0.10%
LEPL Labor Inspection Office	6,211,299	0.09%

¹ Resolution N473 of the Government of Georgia dated September 14, 2018 on Approval of Regulations of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia.

² Tables N1 and N2 do not include profits obtained from the economic activities.

³ One LEPL operates within uncontrolled territory of Georgia.

State Audit Office Opinion to the Management of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia

Opinion on Financial Statement

Opinion

Qualified Opinion on Financial Statement

The State Audit Office of Georgia conducted an audit of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia and units under its control⁴(together - group) consolidated financial statements which comprise consolidated the statement of financial position as at December 31, 2023, and consolidated the statement of financial performance, consolidated statement of changes in net assets/equity, consolidated statement of the comparison of budget and actual amounts and disclosure notes to the financial statements⁵, including a summary of significant accounting policies, except Universal Healthcare Program.⁶

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” section of our report, consolidated financial statements of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia taking into account all material aspects, have been prepared in accordance with the proper principles of accounting and preparation and presentation of financial statements established by the legislation of Georgia for budgetary organizations.⁷

⁴ See Appendix: Consolidated Units.

⁵ The Ministry of Finance of Georgia Order N24, dated February 4, 2021, Approving the Instructions on the Preparation and Submission of Financial Statements for Budgetary Organizations, Notes N1-N22.

⁶ A portion of the expenditures of this program is related to the Human Capital Program of Georgia.

⁷ Instructions approved by the Minister of Finance of Georgia of May 5, 2020 No. 108 on "The production of financial accounting and reporting by public sector organizations based on international accounting standards of the public sector" and the instructions approved by the Minister of Finance of Georgia on "The procedure for preparation and submission of financial statements of budgetary organizations" approved by Order No. 24 of February 4, 2021.

1. Basis of Qualified Opinion

1.1 Deficiencies in the Accounting System

The financial statements presented by **the Holding** do not present its financial position fairly and accurately, as not all transactions have been fully recorded in the accounting system. The following deficiencies were identified during the audit:

- The completeness of recording all economic events undertaken by the entity in the accounting records and internal control is not guaranteed.⁸
- During the audit process, discrepancies were identified between the actual and recorded accounting data for receivables and payables based on the responses received to confirmation letters sent to selected debtors and creditors for external confirmation.
- The receipt and issuance transactions of inventories under the "Rural Doctor" state program have not been recorded.
- The audit team was not provided with a registry of Property, Plant, and Equipment and inventories reflected in the financial statements, as well as information on the movement of assets and inventories during the current year.

Table No. 3. Information on the Holding's Financial Statements (GEL)

Title	Final balances and total turnover for the reporting period
Assets	38,709,914
Liabilities	117,593
Equity	38,592,321
Revenues	105,769,877
Expenses	108,212,198

As a result, we were unable to obtain assurance regarding the existence, occurrence, completeness, and accuracy of the amounts reflected in the Holding's financial statements as of December 31, 2023.

1.2 Short-term receivables

An inventory was not conducted in the **Administrative Unit** in 2023, no reconciliation acts were formalized, and no procedures were performed to assess the existence, aging, and recoverability of receivables. The final balance of the Administrative Unit's "Other Short-term (Current) Assets" includes:

- A receivable of 20,547,605 GEL from LLC "Akademic Nikoloz Kipshidze Central University Clinic" under the "COVID-19 Management Program,"⁹ of which 11,498,839 GEL¹⁰ is supported by expenditure documentation presented in 2024 based on the Ministry's request. The review and processing of this documentation were ongoing and not completed before the submission of the financial statements. According to the Ministry, the remaining unused amount of 9,048,766 GEL is subject to return or reallocation for other purposes.

⁸ Accounting Instruction, Article 5, Paragraph 3.

⁹ The Government of Georgia Order No. 674, dated December 31, 2019.

¹⁰ This issue was also mentioned in the financial audit report of the previous period.

- A receivable of 3,393,478 GEL from LLC "G N L" is reflected under the "Short-term (Current) Receivables from Advance Payments" section, arising from the tripartite agreement¹¹ signed for organizing the lottery, in accordance with the Government of Georgia's decree¹². Despite the Ministry's efforts, the act of mutual comparison between the parties has not yet been signed.¹³
- A receivable of 31,914,593 GEL from the Georgian representative office of the Danish Council for Refugees is recorded for the years 2019-2021, representing funds transferred by the donor under the grant project (KFW), with part of it reflected in the 2021 budget execution report¹⁴. The Ministry does not possess supporting documentation for this amount. According to the responsible person, the aforementioned receivable will be settled based on the the act of mutual compariso formalized according to the actual work performed, which is currently being developed by representatives from the Ministry, the Ministry of Finance, and the project.
- Receivables of 12,366,380 GEL, arising from court decisions made between 2011 and 2018. The organization has not provided information on the enforcement of these receivables, nor has the likelihood of their recoverability been assessed.
- The loss of non-financial assets resulting from inventories conducted between 2007 and 2019 amounts to 1,015,734 GEL. The Ministry has not undertaken actions prescribed by current legislation regarding these receivables. Specifically, no investigation into the causes of the loss, identification of responsible individuals, or referral of the inventory results to law enforcement agencies for further investigation has been conducted¹⁵.

A significant portion of the receivables in the **Agency** has arisen from penalties imposed under the supervision of state programs, with the receivables being recognized in the accounting records as of the date the penalties are imposed. The organizations transfer the funds to the unified treasury account.

If a medical institution appeals an act/decision, the receivable remains on the balance sheet account until the final court decision is made. The inventory¹⁶ conducted by the agency revealed that it was not possible to identify receivables amounting to 1,608,148 GEL, originating in previous years, based on primary documentation. Additionally, it was found that penalties amounting to 2,839,725 GEL, imposed on medical institutions under various state health programs, lack precise information regarding ongoing legal or administrative disputes.

¹¹ Parties to the agreement: Ministry of Finance, the financier - Ministry of Health, and the lottery organizer - LLC "G N L".

¹² The Government of Georgia's Order No. 1627, dated September 9, 2021.

¹³ This issue was also mentioned in the financial audit report of the previous period.

¹⁴ Under the "Non-financial Assets" and "Other Current Expenses" sections.

¹⁵ Inventory Regulations, Article 13, Paragraph 2, and Article 15, Paragraph 2.

¹⁶ The inventory was conducted as of September 30, 2023, and its results were approved on March 29, 2024. Therefore, the results of the inventory could not be reflected in the preparation of the financial statements.

As a result, in accordance with the inventory procedure, the reality of the receivables has not been verified, doubtful or uncollectible receivables have not been determined, and no appropriate measures have been implemented.¹⁷

In the **Administrative Unit** and the **Solidarity Fund**, a receivable of 14,791,357 GEL has been recorded under the Referral Service Program for 860 individuals¹⁸ from 2006 through 2023. An inventory has not been conducted in the Administrative Unit, and the receivables have not been evaluated in accordance with the procedure approved by the Minister of Finance of Georgia¹⁹.

In contrast, during the inventory conducted in the Solidarity Fund, documentation confirming the medical services provided to beneficiaries was obtained. As a result, receivables totaling 10,144,970 GEL, originating from 2010 to 2022, were written off in 2023.²⁰

The consolidated financial statements do not include 4,413,553 GEL to be refunded by medical institutions and 293,734 GEL in financial penalties imposed by the **Regulatory Agency** in 2023 as part of planned and unplanned audits and controls of healthcare programs.

As a result, as of December 31, 2023, the following sections of the financial statements are understated by 4,707,287 GEL: Short-term (current) receivables, Revenue from sanctions, fines, and penalties, and Current transfers and other non-classified revenue from non-exchange transactions. Furthermore, we could not obtain assurance regarding the accuracy of the final balance of 41,771,070 GEL reflected under the sections Short-term (current) receivables and Other short-term (current) assets.

1.3 Inventory

In the Administrative Unit, an inventory of stocks has not been conducted for the reporting year. The audit team, through selective on-site inspection at the warehouse located in the village of Mukhrani, Mtskheta Municipality (Warehouse N. 2), identified the following issues:

- The warehouse does not provide proper conditions for the storage of assets. As a result, a significant portion of the assets has been damaged.
- The internal area of the warehouse, where assets are stored, does not have video cameras installed, and video surveillance is not in place. Consequently, proper control mechanisms for the assets have not been established.
- A large portion of the inventory in the warehouse has expired.
- For selected inventories, precise identification was not possible as inventory numbers have not been assigned, and the accounting records reflect different prices and characteristics for the same type of inventory. Given the storage conditions, in most cases, it is impossible to confirm the completeness of the inventories.

¹⁷ Inventory Regulations, Article 1, Paragraph 10.

¹⁸ In the Administrative Unit from 2006 to 2010, 82 individuals with a total amount of 2,024,026 GEL, and in the Solidarity Fund from 2010 to 2023, 778 individuals with a total amount of 12,767,331 GEL.

¹⁹ Inventory Regulations, Articles 2 and 11.

²⁰ Among these, 293,246 GEL unused by medical institutions was returned to the budget.

- Without proper documentation, the warehouse contains office inventory that is damaged and out of order. As a result, it is impossible to identify the assets recorded in the accounting records and confirm their existence and completeness.

In light of the above, the following was revealed:

- A loss of inventory: 2,595,857 units²¹ amounting to 1,375,116 GEL,²² for which the corresponding documentation could not be provided.
- Expired inventory: 929,884 units amounting to 576,756 GEL and excess inventory: 36,975 units.
- A loss of office inventory: 266 units amounting to 24,471 GEL, which cannot be identified.

During the on-site inspection, assets²³ were identified that are located in the Ministry's warehouse but are not reflected on the Administrative Unit's balance sheet. These assets are owned by the Emergency Situations Center and the Holding, and no documentation was provided to substantiate their placement in the Ministry's warehouse.

Through selective on-site inspection of the Ministry's warehouse inventory, it was identified that some of the inventory balances recorded in previous years are obsolete and unusable. Additionally, assets were found for which the accounting department does not hold the corresponding documentary evidence, and their existence and completeness could not be confirmed through on-site inspection. Specifically:

- 13,428 units valued at 187,827 GEL of inventory that cannot be identified.
- 62,139 units valued at 673,829 GEL of obsolete and unusable inventory.
- 38,966 units valued at 252,842 GEL of inventory losses, For which the corresponding documentation could not be provided.

It is important to note that the organization does not have a person designated as materially responsible by order or contract.

Regarding the **Agency's** special medication registry, the final balance of inventory under the State Program for the Treatment of Drug-Addicted Patients is 552,935 GEL less than what is recorded in the accounting data. Specifically, discrepancies were found for two types of medication.

According to the responsible person's explanation, the difference is caused by a software error, as a result the inventory register does not accurately reflect the movement and final balance of medications. Additionally, the expenditure for the mentioned medications in October, November, and December 2023 is not recorded in the accounting books.

An inventory was conducted by the Agency as of September 30, 2023; however, the inventory period has been extended and was not completed by the date of the financial statement submission. As a result, the inventory outcomes have not been reflected in

²¹ Among them: 2,519,634 units – medical inventory valued at 1,352,446 GEL.

²² Specifically, for 2,513,864 units of inventory – the total value of 1,257,759 GEL has been assessed using the average price of homogeneous inventory.

²³ A total of 160 units of vehicles (including emergency medical service vehicles), 52 units of medical beds, 5 units of oxygen stations (oxygen respiratory apparatus), 132 units of medical cabinets, 22 units of refrigerators, 16 units of portable instrument kits, electrocardiographs, defibrillators, oxygen concentrators, glasses, and other medical supplies were identified, for which complete inventory was not possible.

the financial statements. According to the agency's explanation, the difference identified in the inventory of the stock within the registry of special medications under the State Program for the Treatment of Drug-Addicted Patients was retrospectively corrected. The information will be disclosed in the explanatory notes of the 2024 financial statements.

Consequently, we were unable to obtain sufficient assurance regarding the existence, completeness, and accuracy of the assets recorded under the "Inventories" account in the consolidated financial statements as of December 31, 2023, amounting to 5,242,859 GEL.²⁴

1.4 Non-Current Assets

The majority of the Ministry's non-current assets are comprised of non-residential buildings recorded in the financial statements of the Administrative Unit and its subordinate organizations, assets recorded for transfer to other units, and land. Additionally, these assets include residential buildings established for the resettlement of displaced persons to improve their social and living conditions, as well as 20-year loans provided by the Administrative Unit in 2014²⁵.

1.4.1 Non-Current Financial Assets

In 2020-2021, the **Holding** received the full ownership of six medical institutions'²⁶ shares and 100% of LLC stakes²⁷ based on a government decree²⁸ and acquisition agreement. Additionally, the holding company, as the recipient of the management rights, received the management rights of two more hospitals²⁹ from the Government of the Autonomous Republic of Adjara without charge, for an indefinite period.

In 2023, the Holding established LLC "Rukhi Republican Hospital." ³⁰

According to the accounting instruction³¹, the equity method³² is used for reflecting the shares in public sector commercial entities, which has not been implemented by the holding company.³³

The accounting instruction³⁴ specifies the grounds for deviation from the mandatory requirements of the State Accounting Standards, but if the mandatory requirement cannot be fulfilled, the entity must consider this when developing its accounting policies and disclose the reason for the deviation in the Disclosure notes to the financial statements.

²⁴ The Agency's material inventories amounted to 1,594,992 GEL, and the Central Apparatus' material inventories amounted to 3,647,867 GEL as of the reporting date.

²⁵ Government of Georgia Decree No. 309 of February 20, 2014, on 'Measures to Be Implemented for the Uninterrupted Operation of Certain Medical Institutions'

²⁶ LLC "Tbilisi Children's Infectious Clinical Hospital", LLC "Akad. Nikoloz Kipshidze Central University Clinic", JSC "Universal Medical Center," LLC "Regional Health Center", LLC "Mental Health and Drug Prevention Center", JSC "National Center for Tuberculosis and Lung Diseases".

²⁷ through direct sale at a symbolic price of 1 (one) Georgian Lari.

²⁸ Decree No. 1471 of August 25, 2021.

²⁹ JSC "Batumi Republican Clinical Hospital" (registration number: 245428880) and JSC "Batumi Republican Clinical Hospital" (registration number: 245423514).

³⁰ The Founding Agreement of June 14, 2023.

³¹ Article 10, Paragraph 46.

³² IPSAS 36, Article 8.

³³ The issue was also reflected in the financial audit report of the previous period.

³⁴ Article 3, Paragraph 1.

1.4.2 Property, Plant and Equipment and intangible assets

The Ministry has not developed a unified accounting policy in line with the accounting instructions, which would explain the reasons for deviations from the standard requirements. Additionally, in the Disclosure notes to the consolidated financial statements, deviations from the mandatory requirements stipulated by the standards for the accounting of investments in state enterprises have been allowed, but these deviations have not been properly justified.³⁵

As a result, we were unable to obtain assurance regarding the existence and accuracy of the final balance of "long-term financial assets" amounting to 68,599,079 GEL, as presented in the consolidated financial statements as of December 31, 2023.

In the **Center's** financial statements, the accumulated depreciation of Property, Plant, and Equipment is overstated by GEL 327,491. Consequently, the carrying value of Property, Plant, and Equipment at the end of 2023 has been reduced by the same amount.

In the financial position report of the **Emergency Situations Center**, 12 non-residential buildings with a total value of GEL 308,459 and 3 land plots with a value of GEL 93,302, covering a combined area of 10,589 square meters, are recorded but not used for the organization's purposes. Additionally, a land plot and attached buildings valued at GEL 167,434 are reported on the balance sheet, without a distinction made between the value of the building and the land.

During the inventory of assets at the **Center** and the **Emergency Situations Center**, the useful lives of Property, Plant, and Equipment were not reviewed. Similarly, at the Social Agency, the useful lives of intangible assets were not reassessed. In the Administrative Unit, no inventory of Property, Plant, and Equipment and intangible assets was conducted in 2023, and the useful lives of Property, Plant, and Equipment and intangible assets were not reviewed. Additionally the determination of useful lives for intangible assets was not justified, and a uniform 10% depreciation rate was applied across all assets³⁶.

An audit team's selective physical inspection revealed the following issues:

1. Inventory cards were not opened for the assets, and the accounting records lacked inventory numbers.
2. While inventory numbers were physically attached to assets by the Material Support and Logistics Department, these numbers did not match the accounting records.
3. The accounting data showed assets with similar names and characteristics but differing acquisition dates and costs, making their physical location untraceable.

As a result, the audit team was unable to identify 671 units of Property, Plant, and Equipment with a total carrying value of GEL 2,000,923.

Additionally, GEL 17,772,197 worth of fixed and intangible assets³⁷, measured at historical cost, were fully depreciated as of 2023. According to IPSAS 17 and IPSAS 31³⁸, the residual value and useful life of assets must be reviewed at the end of each financial

³⁵ IPSAS 3, Article 29.

³⁶ IPSAS 21 Article 29 and IPSAS 26, Article 25.

³⁷ Among these: assets of the Administrative unit - 12,724,220 GEL, the Center - 4,456,057 GEL and the Emergency situationa center - 591,920 GEL.

³⁸ IPSAS 17, Article 67 and IPSAS 11, Article 103.

year. If expectations differ from previous estimates, the changes should be accounted for as changes³⁹ in accounting estimates. This review process was not conducted.

Consequently, the consolidated financial statements as of December 31, 2023, reported an overstated "Property, Plant, and Equipment" ending balance by GEL 74,270. Furthermore, sufficient assurance could not be obtained regarding the existence and accuracy of the final balance of "Property, Plant, and Equipment" with a carrying value of GEL 2,000,923.

1.4.3 Other Long-term Non-Financial Assets

In the final balance of the Administrative Unit's "Other Long-term Non-Financial Assets," the following are included:

- **Construction Project Costs:** On the account for unfinished assets, construction project costs purchased between 2010-2013, valued at GEL 1,724,970, are recorded. According to the responsible person, these projects are not identifiable, and without inventory, it is not possible to consider the issue of their further use. According to accounting instructions⁴⁰, the standard provides information about impairment indicators. The organization did not assess the presence of impairment indicators in 2023. Consequently, we cannot confirm whether the criteria⁴¹ for recognizing these as assets have been met.
- **Common Areas in Residential Buildings for Internally Displaced Persons (IDPs):** The common areas (corridors, stairwells) of residential buildings for IDPs, valued at GEL 276,944, are also recorded. However, the ministry does not own these areas, as property rights are registered in the public registry both under the names of IDP families and the state. Ownership rights between private individuals and the state remain undefined.

As a result, as of December 31, 2023, we could not obtain assurance regarding the existence and accuracy of GEL 2,001,914 in "Other Long-term Non-Financial Assets" presented in the consolidated financial statements.

1.5 Liabilities and Current Provisions

In the financial statements of the Administrative Unit, liabilities include GEL 8,405,808 in unresolved debts recognized in previous years, originating before 2010. Supporting documentation for their origin was not provided to the audit team, and specific creditors could not be identified. Confirmation letters for the liability balances were not sent to selected organizations from the creditor registry, citing the statute of limitations on the debts.

Out of the remaining liability balance, GEL 12,055,447 originates from 2003–2019, for which no reconciliation statements were prepared, nor was an inventory conducted at the end of the year.

The main portion of the Agency's "Short-term Liabilities" comprises the value of work performed by medical institutions under various state healthcare programs.

The Agency's financial position report reflects "Current Provisions," which arise from the value of work completed in 2023 by medical institutions registered as suppliers

³⁹ IPSAS 3 –Accounting policies, changes in accounting estimates and errors.

⁴⁰ IPSAS 21, Article 27 and IPSAS 26, Article 25.

⁴¹ IPSAS 1, Article 7.

under state programs. By the reporting date, final acceptance acts for these works had not been prepared or were under review along with the necessary documentation. At the time⁴² of preparing the financial statements, the review process for documentation submitted in physical form for 2023 completed works was still ongoing. Consequently, the financial statements do not fully reflect the value of "Current Provisions" arising in 2023.

As a result, we could not obtain assurance regarding the completeness of the final balance of "Current Provisions" of GEL 46,620,971 and the accuracy of the "Liabilities" balance of GEL 12,055,447 presented in the consolidated financial statements as of December 31, 2023.

1.6 Disclosure Notes

The consolidated financial statements of the Ministry do not disclose information regarding Disclosure notes⁴³. Specifically, information required by the accounting guidelines and defined under IPSAS has not been presented, including:

The requirements of IPSAS 20, "Related Party Disclosures."

1.6.1 Related Parties

The Disclosure notes do not include detailed information about transactions with related parties. Other information required by the standard has also not been disclosed.⁴⁴

1.6.2 Litigation

Based on the principle of fair presentation in financial reporting⁴⁵, it is advisable to disclose information about legal disputes in the Disclosure notes to the financial statements or, if necessary, recognize them in the appropriate account⁴⁶. However, the Ministry has not developed a policy regarding legal disputes, nor are their potential outcomes assessed and reflected in the relevant sections of the financial statements.

In the consolidated financial statements and Disclosure notes for the reporting year, information on ongoing legal cases, as well as issues related to their recognition as contingent assets or liabilities, is not presented. Specifically:

- The notes submitted by the **Administrative Unit** do not comprehensively reflect information on ongoing legal disputes. According to the responsible party, this accounting shortfall is due to the fact that cases are based on assessments requiring specific expertise. Additionally, the organization was unable to identify the exact amounts related to certain cases.
- In cases of control and audit acts by the **Agency**, if a medical institution appeals an act/decision, the claim remains on the balance sheet until the court's final decision. If the final court decision cancels or reduces the imposed sanction, the corresponding entry is written off the balance sheet as a loss arising from asset ownership.

1.6.3 Short-term/Current Liabilities

In the financial statements, the **Agency** recognized services rendered under healthcare programs, for which final acceptance-delivery acts were confirmed and signed after the

⁴² As of February 26, 2023.

⁴³ Instruction on the Rules for Preparation and Presentation of Financial Statements, Article 17.

⁴⁴ IPSAS 20, Articles 27–41.

⁴⁵ IPSAS 1, Article 27.

⁴⁶ IPSAS 19.

reporting date but before the submission of the financial statements, under the "Liabilities" account.

Additionally, amounts arising from medical services for which information existed in the electronic reporting module (regarding amounts claimed by medical institutions) but whose document inspection process had not yet been completed were recorded in the "Current provisions" section of the financial position report.

Despite this, in 2023, the Agency recognized in the current period's expenses—under "Medical Expenses"—an amount of GEL 1,235,386 for work performed by medical institutions in 2022. This amount was not recognized in the previous year's financial statements under either "Medical Expenses" or "Current Provisions."

As a result, the expenses recorded in the 2023 financial statements also include costs originating from services rendered during the 2022 reporting period. However, this information has not been disclosed in the Disclosure notes.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI). The responsibilities assigned to us under these standards are detailed in the section of our report titled "Auditor's Responsibilities for the Audit of the Financial Statements."

In compliance with the requirements of the International Organization of Supreme Audit Institutions (INTOSAI), we are independent auditors of the audited organization and have adhered to other ethical obligations established by INTOSAI.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for issuing a qualified opinion.

2. Empasis of matter

Our opinion is not modified in respect of the matters outlined below.

2.1 Non-Current Assets

The consolidated balance sheet includes buildings valued at GEL 148,213, recorded on the balance sheet of the LEPL Akhagori Children's Educational Institution, operating under the state control of the Ministry. These buildings are located in territories of Georgia that are beyond the state's control.

3. Other Matters

3.1 Control Deficiency

The Center utilizes an electronic system for managing and accounting for inventories—the Warehouse/Logistics Module. However, this system is not integrated with the relevant accounting registers. Additionally, not all structural units record their inventories in this system. In many cases, the distinction between the balances of non-current assets and inventories is not correctly defined.

3.2 Inventory

Inventory is a control mechanism aimed at identifying shortages, surpluses, and damaged or unusable property, as well as detecting assets that do not generate economic benefits for the organization. It also serves to verify the accuracy of receivables and liabilities recorded on the balance sheet. Accordingly, conducting inventory ensures confidence in the existence and completeness of all items reflected in the financial position report. Furthermore, inventory enhances the ability to manage assets effectively.

In 2023, the mandatory inventory required by law was not conducted in the Administrative Unit, and the final results of the inventory in the Agency are not reflected in the 2023 financial statements.⁴⁷

3.3 Accounting Policy

By the end of 2023, a unified accounting policy aligned with the accounting instructions⁴⁸ was developed in the Ministry but has not yet been approved or implemented. Developing, implementing and using such a policy is one of the main prerequisites for ensuring consistency in accounting practices within the organization.

The accounting policy could include instructions and rules for the recognition of the following issues: claims/liabilities arising from court disputes, penalties, obsolete materials, revenues from fines and sanctions, and other issues specific to the Ministry's activities.

The absence of an accounting policy has resulted in inconsistencies in the recognition methods/principles applied to the same items in subordinated organizations. For example, the Social Agency recognizes claims arising from court disputes under the "Accounts Receivable" balance sheet item, whereas some subordinated organizations record them as "Contingent Assets" in the reference account.

Some of the Ministry's consolidated entities have developed and approved accounting policies in line with the instructions. In 2021, the Agency developed a document titled "Accounting Approaches and Policies for Significant Agency Operations," which identified substantial problematic issues. However, by the end of 2023, this document had not been approved. Moreover, recommendations were developed based on an analysis of specific circumstances and their impact on the Agency's financial data. These recommendations provide guidance for accurately and fully accounting for economic events to ensure that the data reflected in the financial statements is fair and reliable.

⁴⁷ Inventory Regulations, article 1, paragraph 4.

⁴⁸ Accounting Instructions, Article 5, Subparagraph "a".

3.4 Property, plants and equipments

Certain properties reported in the balances of the Administrative Unit and the Social Agency are not registered with the Public Registry as being under the control or other rights of these entities. As of December 31, 2023, the historical cost of these properties is GEL 2,281,809⁴⁹, while their carrying amount is GEL 1,788,393. Additionally, the Administrative Unit is unable to identify assets recorded under the "Other Machinery, Equipment, and Inventory" account, with a total historical value of GEL 268,156.

The **Social Agency** has not recognized land parcel⁵⁰ under its use in its financial records. At the Emergency Situations Center, discrepancies identified during prior-period inventories of Property, Plant, and Equipment have not been appropriately reflected in the relevant reporting periods. This has resulted in inaccuracies in the carrying amount of property, plant, and equipment, accumulated depreciation, and asset disposals.

Land parcels totaling 4,222 square meters, for which rights such as usufruct or superficies are confirmed by the Public Registry⁵¹ in favor of the Emergency Situations Center, are not recognized in the fixed asset register and, consequently, are not reported in the 2023 financial statements.

3.5 Non-Current Financial Assets

As of 2023, the financial statements include accounts receivable of GEL 4,824,385 from 81 clinics, issued under the 20-year loans agreement provided by the Administrative Unit in 2014.⁵² An examination revealed that the Ministry is unable to adequately monitor compliance with the terms of the loan agreement, as 23 clinics failed to demonstrate continuous provision of medical services under state healthcare programs as stipulated by the agreement. Additionally, no supporting documentation was provided by the clinics to confirm the targeted utilization of the disbursed loans.

Communication with the clinics following the audit team's request revealed that three clinics are either non-operational or liquidated, while two clinics submitted an audit report confirming their operational status⁵³ due to their inability to confirm participation in healthcare programs. In the remaining cases, no evidence was provided to demonstrate the continuous functioning of medical services.

According to the loan agreements⁵⁴, the Ministry was obligated to impose a one-time penalty equivalent to 25% of the total unpaid loan amount, which has not been enforced. This indicates inadequate monitoring of the loan agreement terms, resulting in inaccuracies in the "Short-term (Current) Accounts Receivable" accounts.

3.6 Management of Advances Paid

The Ministry primarily executes public procurements through advance payments—either for the full contract amount or a percentage of the contractual value. It is

⁴⁹Social Agency - 5 land plots and buildings - with historical value - 274,105 GEL, with book value - 250,630 GEL; Registration of these assets in the Land Registry is ongoing. Assets of the Administrative unit with historical value 2,007,704 GEL, with book value 1,537,763 GEL.

⁵⁰ Tkibuli city, Karlo Lomadze Square No. 3, 126 sq.m. land (owner Tkibuli Municipality, land registration number 39.01.24,003).

⁵¹ The right is registered in 2023.

⁵² Government of Georgia Decree No. 309 of February 20, 2014, on 'Measures to Be Implemented for the Uninterrupted Operation of Certain Medical Institutions'

⁵³ which is determined in clause 3.1.4.2 of the contract.

⁵⁴ Paragraph 2.8, in case of termination of medical services by the borrower or violation of other terms of the agreement, the borrower is subject to a one-time penalty in the amount of 25% of the full amount of the unpaid loan, which in turn does not exempt organization from the obligation to repay the loan.

noteworthy that the process for issuing advances is not formalized in accounting policies or any other documented guidelines. There are no clearly defined individuals or entities responsible for approving advance payments, and this process is managed solely based on existing practices.

The audit team identified the following cases:

- On March 25, 2022, a contract⁵⁵ was signed with a construction company for the procurement of design services and construction-installation works. The total contract value of GEL 24,780,000 was disbursed to the supplier as an advance in installments during 2022 and 2023. However, at the time of the advance payment for the full value of the contract (December 25, 2023), the acts of acceptances for services provided under the contract were not signed. Additionally, when the final advance payment was made in December 2023, the supplier requested an advance exceeding 20% of the contract value⁵⁶. Although the contract required justification for requests exceeding 20%, the Ministry disbursed an advance of GEL 6,863,800 without justification or review of the contract's progress.
- On October 25, 2023, a contract⁵⁷ was signed with a construction company for the preparation of detailed design and cost estimate documentation, as well as construction, repair, and rehabilitation works based on it. The contract is ongoing, and advances have been paid twice, amounting to a total of GEL 2,300,000. This sum constitutes 33% of the total contract value of GEL 6,936,973.48. No documentation confirming the performance of the work stipulated in the contract has been signed.

3.7 Georgia Human Capital Program

On March 30, 2022, an agreement was signed between the Government of Georgia and the International Bank for Reconstruction and Development (hereafter Bank), for the proposed loan of "Georgia Human Capital Program," (hereafter Program), which was ratified by the Parliament of Georgia on June 17, 2022. On November 15, 2022, a framework agreement was signed between the French Development Agency and Georgia on the allocation of credit resources, which became effective on April 4, 2023. As stipulated in the Additional Instructions: Disbursement and Financial Information Letter, in article II: Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank.

Management of the Ministry is responsible for the information in Appendix N1. In the mentioned appendix, the expenses incurred within the Program in 2023 are presented according to the cash basis, except for the Universal Healthcare Program. The amount⁵⁸ reflects the total of delivery-acceptance acts executed in 2023 for services provided by

⁵⁵ Contract N. 270401/1 (CMR220051114) signed with LLC "Anagi".

⁵⁶ The full amount remaining at that time.

⁵⁷ Contract N3/270401/15 (NAT230015859) signed with LLC "Dika 2010".

⁵⁸ The expenditure presented in Appendix N1 within the framework of the Universal Healthcare Program.

medical institutions under the components of the Universal Healthcare Program, which are predominantly reimbursed through the DRG⁵⁹ payment method.

In 2023, a prepayment mechanism was implemented for certain components to reimburse medical institutions. Additionally, the information systems do not separately identify cases reimbursed via the DRG payment method. The actual expenses for the Universal Healthcare Program under the Human Capital Program in 2023, as presented in Appendix N1, amount to GEL 612,027,282, which includes GEL 8,526,015 reimbursed from the 2024 budget. Given the above-described circumstances, the exact amount reimbursed via the DRG payment method cannot be precisely identified.

We do not express any form of opinion regarding other information related to the Program expenditures,⁶⁰ we express opinion on the consolidated financial statements of the Ministry for the reporting period ending on December 31, 2023.

Within the framework of the consolidated financial audit, the audit team have studied the information provided by the Ministry regarding the expenditures disclosed in Appendix N1. In particular, sufficient and appropriate evidence has been obtained through the following audit procedures: documentary inspection, enquiry with responsible parties and data analysis.

As a result, no material misstatements were identified in the Program expenditures disclosed in Appendix N1 in relation to the consolidated financial statements of the Ministry for the reporting period ending on December 31, 2023.

⁵⁹ Diagnosis related group.

⁶⁰ Appendix N1.

4. Management's and Auditor's Responsibility

Management's Responsibilities for Financial Reporting/Statement

Management is responsible for the preparation and fair presentation of the attached Consolidated Financial Statements in accordance with the instructions approved by the Minister of Finance of Georgia of May 5, 2020 No. 108 on "The production of financial accounting and reporting by public sector organizations based on international accounting standards of the public sector" and the instructions approved by the Minister of Finance of Georgia on "The procedure for preparation and submission of financial statements of budgetary organizations" approved by Order No. 24 of February 4, 2021, and for such internal control as management determines is necessary to enable the preparation of the Consolidated Financial Statements that is free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the entity's ability to continue to provide public services as a going concern and, where necessary, disclosing all significant going concern issues and applying that accounting principle unless the government decides to liquidate the entity or termination of activity. Management is responsible for overseeing the preparation of the consolidated financial statements.

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements contains a material misstatement, whether due to fraud or error and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement. Misstatements may result 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 of the cost statements. As part of an audit conducted in accordance with ISSAI requirements, we use professional judgment and maintain professional skepticism during the audit. In addition:

We identify and assess the risks of material misstatement of the Consolidated Financial Statement, whether due to fraud or error, determine and perform appropriate audit procedures for those risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk that a material misstatement caused by fraud will not be detected is higher than that caused by error because fraud may involve collusion, forgery, intentional omission, misrepresentation, or disregard of established internal controls;

We study the functioning of internal control to develop such audit procedures that are appropriate to the existing circumstances, and not to express an opinion on the effective operation of internal control;

We evaluate the appropriateness of the accounting policy and the reasonableness of the accounting estimates and explanations provided by the management;

We conclude, based on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained - whether there is material uncertainty related to these events and conditions that would cast significant doubt on

the Ministry's or/and subordinate units' (units under its control) ability to continue operating. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to appropriate disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained as of the date of the audit report; However, future events or conditions may call into question the viability of the Ministry and/or its subordinate entities

We evaluate the presentation of the Consolidated Financial Statements as a whole, its structure and content, as well as whether the Consolidated Financial Statements provides the criteria for the fair presentation of operations and events.

Obtain sufficient appropriate audit evidence on the financial information of organizations subordinate to the Ministry, to be able to express an opinion on the Consolidated Financial Statement. We are responsible for leading, supervising, and implementing the audit process. We are also fully responsible for our audit report;

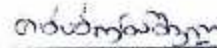
Among other things, we provide the management with information about the scope and terms of the audit, as well as important results raised during the audit process, including important deficiencies identified in the internal control system.

Auditors

Signature

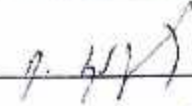
Tamar Babunashvili

Senior Auditor



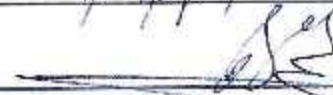
Eter Katsadze

Senior Auditor



Naia Khoperia

Senior Auditor



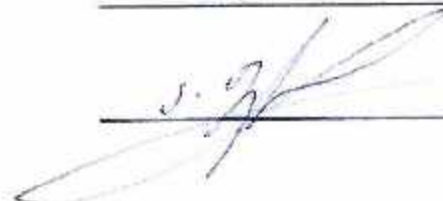
Goderdzi Kiladze

Auditor



Anzor Mekhrishvili

Expert



Appendix

Financial Statements forms and notes

- Statement of Financial position
- Statement of Financial Performance
- Statement of Changes in Net Assets/Equity
- Statement of Comparison of Budget and Actual Amounts
- Notes to Financial statement

REF	Name of Organization
X1	Cover sheet
F1	Reporting of financial condition
F2	Reporting of financial results
F3	Reporting of cash flow movement
F4	Reporting of net asset capital change
F5	Reporting of budgetary and actual amount comparision
S1	Remark N1 Accounting policies and other explanatory remarks
S2	Remark N2 Cash and cash equivalents
S2a	Remark N2a current investments and short-term debitorial liabilities
S3	Remark N3 Material supplies
S4	Remark N4 other short-term (current) assets*
S5	Remark N5 Long-term financial assets
S6	Remark N6 Fixed assets
S7	Remark N7 Investment property
S8	Remark N8 Intangible assets
S9	Remark N9 Preferential Service Arrangements
S10	Remark N10 Financial lease assets and liabilities
S11	Remark N 11 other long-term non-financial assets
S12	Remark N12 short-term and long-term financial liabilities
S13	Remark N13 creditorial debts, accounts and other liabilities
S14	Remark N14 Incomes from payments, grants and etc.
S15	Remark N15 Income from exchange operations
S16	Remark N16 Devaluation expenses and devaluation retroative income of doubtful(hopeless) claims/devaluation/cost
S17	Remark N17 Charged expenses, grants and subsidies
S18	Remark N18 Miscellaneous income and expenses
S19	Remark N19 cash from taxes*
S20	Remark N20 Reconciliation of net cash flow from operating activities (comparison) with surplus/(deficit)*
S21	Remark 21 Reconciliation of net cash from actual funds and operating, investing and financial activities (comparison)
S22	Remark N22 Categories administered on behalf of the State1
Addon 1	Statement of financial condition
Addon 2	Statement of financial results

1	Accountable entity (changes from the previous reporting period, if any)	
2	Contact information of the accountable entity (address, phone, e-mail)	
3	Identification number (changes with respect to the previous reporting period, if any)	
	Organizational form	
	Source of funding	
6	Type of reporting	
7	Periodicity of reporting	Annual
8	Reporting date and period	
9	Coverage of entities (in case of consolidated financial reporting)	1. 2. 3. 4.
10	List of main activities	1. 2. 3. 4.
11	Reporting currency	GEL
12	Rounding level	Unit
13	Contact information about the person(s) responsible for preparing and submitting financial statements (address, phone, e-mail)	

Signature:

Accountant:

Other authorized person(s) (if any) determined by internal policy:

Head of the organization:

2023

Period

**Ministry of Internally Displaced Persons from the Occupied Territories,
Health, Labour and Social Affairs of Georgia**

Organization

27 00

Software code

Nina Kobaidze

Executor

Signature

Beka Jakeli

Leader

Signature

Reporting of Financial Condition				
Line code	Title	Remark ¹	Final balance of the reporting period	Final balance of the previous reporting period
Assets				
Short-term assets				
001	Cash flows and cash equivalents	S2	9,363,755	7,680,540
002	Current investments	S2a	-	-
003	Short-term (current) accounts receivable	S2a	290,747,294	219,109,175
004	Material supplies	S3	107,083,630	167,308,274
005	Other short-term (current) assets	S4	433,369,825	162,410,220
006	Total short-term assets		840,564,504	556,508,210
Long-term assets				
007	Long-term financial assets	S5	68,599,079	48,351,538
008	Main assets	S6	433,397,048	424,125,616
009	Investment property	S7	-	-
010	Nonfinancial assets	S8	5,138,077	7,784,756
011	Preferred service assets	S9	-	-
012	Financial leased assets	S10	-	-
013	Other long-term non-financial assets	S11	94,769,187	140,993,992
014	Total long-term assets		601,903,391	621,255,902
015	Total assets		1,442,467,895	1,177,764,112
Liabilities				
Short-term liabilities				
016	Short-term liabilities with securities	S12	-	-
017	Short-term borrowed funds	S12	-	-
018	Short-term creditor debts, except for interest	S13a	426,706,265	326,803,458
019	Interest payable	S13a	-	-
020	Current accounts	S13b	225,755,573	47,308,165
021	Other short-term liabilities	S13a	14,446,965	13,026,899
022	Liabilities with temporarily placed funds	S13a	67,246	69,203
023	Total short-term liabilities		666,976,049	387,207,725
Long-term liabilities				
024	Long-term liabilities with securities	S12	-	-
025	Long-term borrowed funds	S12	-	-
026	Long-term creditor debts, except for interest	S10	-	-
027	Long-term creditor debts defined under preferential service agreements	S9	-	-
028	Long term accounts	S13b	-	-
029	Long-term creditor debts	S13a	141,869	36,416
030	Total long-term liabilities		141,869	36,416
031	Total liabilities		667,117,917	387,244,141
Net Assets/capital				
032	Authorized capital		-	-
033	Undistributed surplus/deficit		775,349,978	790,519,971
034	Reserves		-	-
035	Total net assets/capital		775,349,978	790,519,971
036	Total liabilities and net assets/capital		1,442,467,895	1,177,764,112
Reference reports				
037	Fixed assets received from operating leases	01	56,423	-
038	Assets received for responsible deposit	02	616,827,758	629,439,125
039	Written off debts of insolvent debtors	03	-	107,632
040	Material supplies written off in costs in operation	04	75,684,452	11,765,454
041	Contingent assets	05	15,921,661	15,549,987
042	Contingent liabilities	06	-	-
043	Creating capital with own funds	07	-	-
044	Fully depreciated/amortized assets in operation	08	24,244,144	17,413,425
045	Overdue debts	09	21,787,852	21,082,402
046	Movable property to be transferred for disposal	10	1,512,305	201,521
047	Bank guarantees	11	203,934,254	19,836,072
048	Written off creditor debts	12	82,550	51,392
049	Loss revealed as a result of inventory	13	-	437

Signature

Accountant:

Other authorized person(s) (if any) determined by internal policy:

Head of the organization:

Statement of financial results						
Line code	Title	Remark ¹	Turnover of the reporting period			Turnover of the previous reporting period
			Budget funds	Non-budgetary funds	Total	Total
Incomes						
001	Tax incomes	N14 a	-		-	-
002	Social contributions				-	
003	Revenue from sanctions, fines and penalties	N14 c	16,943,804.31	480.00	16,944,284.31	8,149,666.89
004	Income from grants	N14 c	120,910,240.56	-	120,910,240.56	172,356,904.37
005	Transfers and other unclassified income	N14cN15a	68,108,817.97	2,680,847.38	70,789,665.35	76,827,848.22
006	Incomes from internal transfers	N14 c	7,117,759,834.17	-	7,117,759,834.17	6,361,827,250.73
007	Income from exchange transactions other than interest and income from sale of long-term assets	N15a	34,342.00	8,152,855.75	8,187,197.75	4,668,348.89
008	Profit from the sale of long-term assets	N15b N17a2	-	-	-	-
009	Interest income	N15a	-	916,914.80	916,914.80	682,322.44
010	Devaluation retroactive income	N16	-	-	-	-
011	Different incomes	N18	12,980,211.27	30,874.27	13,011,085.54	27,914,285.88
012	Total incomes		7,336,737,250.28	11,781,972.20	7,348,519,222.48	6,652,426,627.42
Costs						
013	Salary	N17a	57,937,865.87	2,041,502.83	59,979,368.70	50,722,673.22
014	Goods and services	N17a	283,393,240.09	4,083,428.87	287,476,668.96	312,502,118.52
015	Grants	N17b	7,691,136.46	578,616.00	8,269,752.46	122,220,149.63
016	Subsidies	N17c	1,506,600.75	-	1,506,600.75	474,335.60
017	Transfers and other unclassified expenses	N17a	217,933,970.65	909,853.39	218,843,824.04	318,312,400.05
018	Expenses with internal transfers	N17a	49,220,636.76	19,034.28	49,239,671.04	47,390,971.24
019	Depreciation and amortization	N17a	25,681,071.77	123,638.79	25,804,710.56	24,320,423.30
020	Social assistance/assurance	N17a	6,579,230,576.06	1,105,098.33	6,580,335,674.39	5,576,025,396.64
021	Loss received from sale of long-term non-financial asset	N15b N17a**	-	-	-	-
022	Interest expenses (finance expenses)	N17a	-	-	-	1,489.00
023	Devaluing costs	N16	122,516,688.06	-	122,516,688.06	44,731,807.19
024	Miscellaneous expenses	N18	9,694,712.31	21,544.64	9,716,256.95	28,229,217.57
025	Total costs		7,354,806,498.78	8,882,717.13	7,363,689,215.91	6,524,930,981.96
026	Period surplus (deficit)		(18,069,248.50)	2,899,255.07	(15,169,993.43)	127,495,645.46

¹ Detailed information related to the articles of the financial results statement is described in the specified remarks

² The difference between the income and expenses received from the sale of long-term assets is described

Signature

Accountant:

Other authorized person(s) (if any) determined by internal policy:

Head of the organization:

Cash flow statement ¹								
Line code	Title	Remark ²	Turnover of the reporting period			Turnover of the previous reporting period		
			Budget funds	Non-budgetary funds	Total	Budget funds	Non-budgetary funds	Total
Net cash provided by operating activities								
001	Amounts received							
002	Taxes	N19						
003	Social contributions							
004	grants							
005	Income from property							
006	Percentage of gross receipts							
007	Funds received from sales of goods and services							
008	Sanctions, penalties and fines							
009	Other incomes							
010	Temporarily unclear amounts							
011	Outgone sums							
012	Salary of employees							
013	Amounts paid to suppliers for goods and services							
014	Grants and subsidies							
015	Social assistance							
016	Interest paid							
017	Other expenses (disbursements, expenses)							
018	Net cash provided by operating activities	N20						
Net cash flows from investing activities								
019	Purchase of fixed assets							
020	Purchase of intangible assets							
021	Purchase of other long-term assets							
022	Purchase of investments (shares).							
023	Purchase of securities							
024	Loans issued							
025	Increase of other long-term financial assets							
026	Amounts received from the sale of fixed assets							
027	Amounts received from the sale of intangible assets							
028	Amounts received from the sale of other long-term assets							
029	Amounts received from the sale of investments (shares).							
030	Sale of securities							
031	Principal amounts received from finance leases							
032	Amounts received from repayment of loans							
033	Decrease of other long-term financial assets							
034	Net cash flows from investing activities							

Cash flow statement ¹								
Line code	Title	Remark ²	Turnover of the reporting period			Turnover of the previous reporting period		
			Budget funds	Non-budgetary funds	Total	Budget funds	Non-budgetary funds	Total
Net cash provided by operating activities								
034	Received amounts from the issuance of short-term government securities							
035	Received amounts from the issuance of government bonds							
036	Amounts received from the issue of securities in foreign currency							
037	Amounts received from other borrowed funds							
038	Redemption (cover) of short-term government securities							
039	Redemption (cover) of government bonds							
040	Redemption (cover) of securities in foreign currency							
041	Payment (cover) of the principal amount of the financial lease							
042	Payment (cover) of other borrowed funds							
043	Liabilities with temporarily placed funds							
044	Liabilities with funds temporarily placed in the treasury							
045	Liabilities with funds temporarily deposited in the bank							
046	Return reserve sub-account							
047	Net cash from financing activities							
048	Net increase/(decrease) in cash and cash equivalents							
049	Cash and cash equivalents at the beginning of the period, including							
050	Unified treasury account, cash in the cashier's office and commercial bank accounts							
051	Treasury foreign exchange account							
052	Term deposits up to 3 months							
053	Profit (loss) received from exchange rate differences							
054	Cash and cash equivalents at the end of the period, including							
055	Unified treasury account, cash in the cashier's office and commercial bank accounts							
056	Treasury foreign exchange account							
057	Term deposits up to 3 months							

¹ The form is filled out by the entity that manages and controls cash

² Detailed information related to the items of the statement of cash flows is reflected in the specified remarks

Signature

Accountant:

Other authorized person(s) (if any)determined by internal policy:

Head of the organization:

Statement of changes in net assets/capital							
Reporting period							
Line code	Title	Remark ¹	Authorized capital	Undistributed Surplus/Deficit		Reserves	Total Net Assets/Capital
				Budget funds	Non-budgetary funds		
001	Opening balance		-	739,746,936.45	14,029,703.28	-	753,776,639.73
002	Retrospective application of changes in accounting policies	\$1		-	-		-
003	Retrospective calculation of certain errors of previous periods	\$1		11,923,302.92	243,789.97		12,167,092.89
004	Adjustments as a result of one-time revaluation	\$1		26,684,489.71	7,605.00		26,692,094.71
005	Adjustments as a result of other changes in capital	\$1		15,660.59	(2,131,516.49)		(2,115,855.90)
	Total changes:		-	38,623,453.22	(1,880,121.52)	-	36,743,331.70
006	Recalculated opening balance		-	778,370,389.67	12,149,581.76	-	790,519,971.43
Change in net assets/capital							
007	Capital contributions		-				-
008	Withdrawal of capital						-
009	Increase/decrease in reserves	\$5					-
010	Surplus/deficit for the period			(18,069,248.50)	2,899,255.07		(15,169,993.43)
011	Funds to be distributed to owners						-
	Total changes:		-	(18,069,248.50)	2,899,255.07	-	(15,169,993.43)
012	Final balance		-	760,301,141.17	15,048,836.83	-	775,349,978.00
Reporting period							
Line code	Title	Remark ¹	Authorized capital	Undistributed Surplus/Deficit		Reserves	Total Net Assets/Capital
				Budget funds	Non-budgetary funds		
001	Opening balance			624,175,705.63	11,029,356.02		635,205,061.65
002	Retrospective application of changes in accounting policies	\$1					-
003	Retrospective calculation of certain errors of previous periods	\$1		(8,543,539.76)			(8,543,539.76)
004	Adjustments as a result of one-time revaluation	\$1		(380,528.09)			(380,528.09)
005	Adjustments as a result of other changes in capital	\$1					-
	Total changes:		-	(8,924,067.85)	-	-	(8,924,067.85)
006	Recalculated opening balance		-	615,251,637.78	11,029,356.02	-	626,280,993.80
Change in net assets/capital							
007	Capital contributions						-
008	Withdrawal of capital						-
009	Increase/decrease in reserves	\$5					-
010	Surplus/deficit for the period			124,495,298.67	3,000,347.26		127,495,645.93
011	Funds to be distributed to owners						-
	Total changes:		-	124,495,298.67	3,000,347.26	-	127,495,645.93
012	Final balance		-	739,746,936.45	14,029,703.28	-	753,776,639.73

¹ Detailed information regarding the items in the statement of net assets/changes in capital is reflected in the specified remark.

Signature

Accountant:
Other authorized person(s) (if any)determined by internal policy:
Head of the organization:

Statement of budget and actual amounts comparison						
Reporting period						
Line code	Title	Remark ¹	Approved budget (initial)	Adjusted budget (final)	Budget performance	Execution (%)
Budget revenues						
001	Taxes					0%
002	grants					0%
003	other income					0%
004	Decrease in non-financial assets					0%
005	Decrease in financial assets					0%
006	Increase in liabilities					0%
007	Total budget revenues		-	-	-	0%
Budget payments						
008	Salary		59,916,000.00	52,271,280.00	58,001,191.62	111%
009	Goods and services		276,636,800.00	265,856,873.00	282,265,900.65	106%
010	Percentage			-	-	0%
011	Subsidies		440,000.00	1,714,284.00	1,792,314.75	105%
012	Grants		427,000.00	364,110.00	1,255,310.24	345%
013	Social assistance		6,351,641,200.00	6,390,125,495.96	6,391,528,412.20	100%
014	Other expenses		97,167,000.00	126,730,821.00	130,445,640.94	103%
015	Increase of non-financial assets		322,192,000.00	282,850,890.00	252,471,063.77	89%
016	Increase of financial assets		-	-	-	0%
017	Decrease in liabilities		-	-	-	0%
018	Total budget payments		7,108,420,000.00	7,119,913,753.96	7,117,759,834.17	100%
019	Budget balance	N21	7,108,420,000.00	7,119,913,753.96	7,117,759,834.17	100%

¹The specified remark reflects the detailed information regarding the articles of comparison of budget and actual amounts reporting

Signature

Accountant:

Other authorized person(s) (if any) determined by internal policy:

Head of the organization:

Remarks to Financial Statements		
Remark N1 Accounting policies and other explanatory remarks		
1	The list of instructions and standards according to which the financial statements were prepared; Also, records of standards and instructions that could not be taken into account during the preparation/presentation of financial	
2	Descriptions of general accounting policies	
3	A description of changes in accounting policies reflected in the retrospective application of new accounting policies; Also, similar data regarding the comparable information of	
4	A description of the material errors of the prior period(s) that have been corrected as a result of the retrospective recalculation; Also, similar data related to the comparable	
5	Description of immaterial errors of prior period(s) that have been corrected prospectively in the statement of current period	
6	Detailed information about the material non-adjusting event, together with a preliminary estimate of the financial result, or an indication of the relevant reasons why the financial	
7	Descriptions of capital adjustments resulting from one-time revaluations that have been adjusted retrospectively, together with comparable information from the previous	
8	Descriptions of other capital adjustments (resulting from business combinations, etc.) that have been adjusted retrospectively, together with comparable information from	

Remark N2 Cash and cash equivalents				
Line code	Title		The final balance of the reporting period	The final balance of the previous reporting period
Cash in the national currency				
010	A unified account of the treasury, including:		101,541.63	384,263.20
020	State budget funds in the national currency	1-11-2110	90,935.00	373,656.57
030	Budget funds of the state budget in the national currency	1-11-2111		
040	Non-budgetary (own) funds of the state budget in the national currency	1-11-2112	90,935.00	373,656.57
050	Funds of autonomous republics in the national currency	1-11-2120	-	-
060	Budget funds of the budget of autonomous republics in the national currency	1-11-2121		
070	Non-budgetary (own) funds of the budget of autonomous republics in the national currency	1-11-2122		
080	Funds of municipalities in the national currency	1-11-2130	-	-
090	Budget funds of municipalities in the national currency	1-11-2131		
100	Non-budgetary (own) funds of municipalities' budgets in the national currency	1-11-2132		
110	Deposits in the treasury in the national currency	1-11-2140	10,606.63	10,606.63
120	Other accounts in the treasury in the national currency	1-11-2190		
130	Cash in cash office in the national currency¹	1-11-1100		
140	Cash balances in commercial banks in the national currency¹	1-11-2410	5,230,672.34	5,865,589.40
150	Total funds in the national currency		5,332,213.97	6,249,852.60
Cash in foreign currency				
160	Treasury accounts in foreign currency	1-11-2200	-	-
170	Treasury foreign exchange account	1-11-2200		
180	Deposits in the treasury in foreign currency	1-11-2220		
190	Cash in cash office in foreign currency¹	1-11-1200		
200	Cash balances in commercial banks in foreign currency¹	1-11-2420	4,031,540.95	1,430,687.59
210	Total cash in foreign currency		4,031,540.95	1,430,687.59
Cash equivalents				
220	Funds placed in national currency on term deposits up to 3 months by the State Treasury			
230	Funds placed in the national currency on term deposits up to 3 months by autonomous republics and municipalities			
240	Funds placed in the national currency on term deposits up to 3 months by central budget LEPLs and non-entrepreneurial, non-commercial legal entities			
250	Funds placed in the national currency on term deposits of up to 3 months by the budgets of autonomous republics and municipalities LEPLs and non-entrepreneurial, non-commercial legal entities.			
260	Total cash equivalents		-	-
270	Total cash and cash equivalents		9,363,754.92	7,680,540.19

¹ Amounts shown as cash are reflected in the statements of organizations

Accounting policies:

Indicate the accounting policies used for accounting for cash and cash equivalents

Remark N2a current investments and short-term debitorial liabilities								
Line code	Title		Final balance of the reporting period			The final balance of the previous reporting period		
			Total balance value	Accumulated devaluation loss/allowances for doubtful accounts	Balance value	Total balance value	Accumulated devaluation loss/allowances for doubtful accounts	Balance value
	Current investments							
010	Short term loans	1-12-1000	-	-	-	-	-	-
020	Current part of long-term loans	1-12-2000	-	-	-	-	-	-
030	Current part of finance lease receivables	1-12-3000	-	-	-	-	-	-
040	Short-term (current) securities, except shares	1-12-4000	-	-	-	-	-	-
050	Other current investments	1-12-9000	-	-	-	-	-	-
060	Total current investments	1-12-0000	-	-	-	-	-	-
	Short-term (current) debitorial liabilities and claims							
070	Short-term (current) debitorial liabilities related to treasury operations	1-13-1000	181,309,973.79	-	181,309,973.79	125,314,937.45	-	125,314,937.45
080	Short-term (current) debitorial liabilities of the treasury	1-13-1100	-	-	-	-	-	-
090	Short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1200	181,309,973.79	-	181,309,973.79	125,314,937.45	-	125,314,937.45
100	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary funds in the national currency	1-13-1210	-	-	-	-	-	-
110	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted financing and grants in the national currency	1-13-1220	2,894,397.56	-	2,894,397.56	3,544,690.14	-	3,544,690.14
120	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-budgetary (own) funds in national currency	1-13-1230	3,475,139.99	-	3,475,139.99	3,055,243.61	-	3,055,243.61
130	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary funds in foreign currency	1-13-1240	174,940,436.24	-	174,940,436.24	8,553,769.33	-	8,553,769.33
140	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted financing and grants in foreign currency	1-13-1250	-	-	-	-	-	-
150	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-budgetary (own) funds in foreign currency	1-13-1260	-	-	-	-	-	-
160	Other short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1270	-	-	-	110,161,234.37	-	110,161,234.37
170	Short-term (current) tax debitorial liabilities	1-13-2000	435,551.17	-	435,551.17	633,802.03	-	633,802.03
180	Revenue tax	1-13-2100	100,702.43	-	100,702.43	99,793.03	-	99,793.03
190	Profit tax	1-13-2200	5,686.21	-	5,686.21	30,365.21	-	30,365.21
200	Property tax	1-13-2300	86.00	-	86.00	86.00	-	86.00
210	VAT	1-13-2400	328,715.13	-	328,715.13	503,204.39	-	503,204.39
220	Excise duty	1-13-2500	-	-	-	-	-	-
230	Import tax	1-13-2600	-	-	-	-	-	-
240	Other tax requirements	1-13-2700	361.40	-	361.40	353.40	-	353.40
	Other payment requirements	1-13-2800	-	-	-	-	-	-
250	Short-term (current) debitorial liabilities in the pension scheme	1-13-3000	367.37	-	367.37	202.96	-	202.96
260	Short-term (current) debitorial liabilities with accrued interest and penalties	1-13-4000	50,498,260.35	-	50,498,260.35	41,320,655.13	-	41,320,655.13
270	Dividends receivable	1-13-5000	-	-	-	-	-	-
280	Short-term (current) debitorial liabilities from sales of goods and services	1-13-6000	713,403.99	-	713,403.99	616,519.83	-	616,519.83
290	Short-term (current) claims for employees and accountable persons	1-13-7000	44,315.82	-	44,315.82	43,900.79	-	43,900.79
300	Short-term (current) claims with the exit (sale) of non-financial assets	1-13-8000	-	-	-	12,250.00	-	12,250.00
310	Other short-term (current) requirements	1-13-9000	57,745,421.70	-	57,745,421.70	51,166,907.10	-	51,166,907.10
320	Gross income short-term (current) cash claims related to net income	1-13-9500	(93,691.00)	-	(93,691.00)	900.00	-	900.00
330	Total short-term (current) debitorial liabilities and claims	1-13-0000	290,747,294.19	-	290,747,294.19	219,109,175.29	-	219,109,175.29

Remark N2a current investments and short-term debitorial liabilities									
Line code	Title		Total balance value					Annulled during exit	The final balance of the reporting period
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase	Decrease		
Current investments									
010	Short term loans	1-12-1000			-				-
020	Current part of long-term loans	1-12-2000			-				-
030	Current part of finance lease receivables	1-12-3000			-				-
040	Short-term (current) securities, except shares	1-12-4000			-				-
050	Other current investments	1-12-9000			-				-
060	Total current investments	1-12-0000	-	-	-	-	-	-	-
Short-term (current) debitorial liabilities and claims									
070	Short-term (current) debitorial liabilities related to treasury operations	1-13-1000	125,306,791.68	8,145.77	125,314,937.45	7,547,291,526.10	7,491,296,489.76	-	181,309,973.79
080	Short-term (current) debitorial liabilities of the treasury	1-13-1100			-				-
090	Short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1200	125,306,791.68	8,145.77	125,314,937.45	7,547,291,526.10	7,491,296,489.76	-	181,309,973.79
100	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary funds in the national currency	1-13-1210	-	-	-	7,117,759,834.17	7,117,759,834.17	-	-
110	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted financing and grants in the national currency	1-13-1220	3,544,690.14	-	3,544,690.14	29,810,873.64	30,461,166.22		2,894,397.56
120	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-budgetary (own) funds in national currency	1-13-1230	3,055,243.61	-	3,055,243.61	9,935,644.91	9,515,748.53		3,475,139.99
130	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary funds in foreign currency	1-13-1240	8,545,623.56	8,145.77	8,553,769.33	245,972,517.99	79,585,851.08	-	174,940,436.24
140	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted financing and grants in foreign currency	1-13-1250	-	-	-	-	-	-	-
150	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-budgetary (own) funds in foreign currency	1-13-1260	-	-	-	-	-	-	-
160	Other short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1270	110,161,234.37	-	110,161,234.37	143,812,655.39	253,973,889.76	-	-
170	Short-term (current) tax debitorial liabilities	1-13-2000	633,943.39	(141.36)	633,802.03	581,731.17	779,982.03	-	435,551.17
180	Revenue tax	1-13-2100	99,922.39	(129.36)	99,793.03	1,087.50	178.10		100,702.43
190	Profit tax	1-13-2200	30,365.21	-	30,365.21	-	24,679.00		5,686.21
200	Property tax	1-13-2300	86.00	-	86.00	2,289.03	2,289.03		86.00
210	VAT	1-13-2400	503,216.39	(12.00)	503,204.39	578,346.64	752,835.90		328,715.13
220	Excise duty	1-13-2500	-	-	-	-	-		-
230	Import tax	1-13-2600	-	-	-	-	-		-
240	Other tax requirements	1-13-2700	353.40	-	353.40	8.00	-		361.40
	Other payment requirements	1-13-2800	-	-	-	-	-		-
250	Short-term (current) debitorial liabilities in the pension scheme	1-13-3000	202.96	-	202.96	168.58	4.17		367.37
260	Short-term (current) debitorial liabilities with accrued interest and penalties	1-13-4000	39,020,021.78	2,300,633.35	41,320,655.13	15,165,499.93	5,987,894.71		50,498,260.35
270	Dividends receivable	1-13-5000	-	-	-	-	-		-
280	Short-term (current) debitorial liabilities from sales of goods and services	1-13-6000	627,627.91	(11,108.08)	616,519.83	7,636,212.07	7,539,327.91		713,403.99
290	Short-term (current) claims for employees and accountable persons	1-13-7000	43,900.79	-	43,900.79	1,132,881.86	1,132,466.83		44,315.82
300	Short-term (current) claims with the exit (sale) of non-current assets	1-13-8000	12,250.00	-	12,250.00	-	12,250.00		-
310	Other short-term (current) requirements	1-13-9000	37,600,128.38	13,566,778.72	51,166,907.10	16,237,060.23	9,658,545.63		57,745,421.70
320	Gross income short-term (current) cash claims related to non-current assets	1-13-9500	900.00	-	900.00	-	94,591.00		(93,691.00)
330	Total short-term (current) debitorial liabilities and claims	1-13-0000	203,244,866.89	15,864,308.40	219,109,175.29	7,588,045,079.94	7,516,406,961.04	-	290,747,294.10

Remark N2a current investments and short-term debitorial liabilities										
Line code	Title		Accumulated devaluation loss/allowances for doubtful accounts							
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	5-92-0000	4-91-0000	Annulled during exit	Reclassification of assets (+/-)	The final balance of the reporting period
						Devaluation expense/doubtful and homeless claims expense for the year	Retrospective income			
	Current investments									
010	Short term loans	1-12-1000			-					-
020	Current part of long-term loans	1-12-2000			-					-
030	Current part of finance lease receivables	1-12-3000			-					-
040	Short-term (current) securities, except shares	1-12-4000			-					-
050	Other current investments	1-12-9000			-					-
060	Total current investments	1-12-0000	-	-	-	-	-	-	-	-
	Short-term (current) debitorial liabilities and claims									
070	Short-term (current) debitorial liabilities related to treasury operations	1-13-1000	-	-	-	-	-	-	-	-
080	Short-term (current) debitorial liabilities of the treasury	1-13-1100			-					-
090	Short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1200	-	-	-	-	-	-	-	-
100	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary funds in the national currency	1-13-1210			-					-
110	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted financing and	1-13-1220			-					-
120	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-budgetary (own)	1-13-1230			-					-
130	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with budgetary	1-13-1240			-					-
140	Short-term (current) debitorial liabilities of budgetary organizations to the treasury with targeted	1-13-1250			-					-
150	Short-term (current) debitorial liabilities of budgetary organizations to the treasury, with non-	1-13-1260			-					-
160	Other short-term (current) debitorial liabilities of budgetary organizations to the treasury	1-13-1270			-					-
170	Short-term (current) tax debitorial liabilities	1-13-2000	-	-	-	19,933.00	-	19,933.00	-	-
180	Revenue tax	1-13-2100			-	19,850.00		19,850.00		-
190	Profit tax	1-13-2200			-					-
200	Property tax	1-13-2300			-					-
210	VAT	1-13-2400			-	83.00		83.00		-
220	Excise duty	1-13-2500			-					-
230	Import tax	1-13-2600			-					-
240	Other tax requirements	1-13-2700			-					-
	Other payment requirements	1-13-2800			-					-
250	Short-term (current) debitorial liabilities in the pension sch	1-13-3000			-					-
260	Short-term (current) debitorial liabilities with accrued interest and penalties	1-13-4000			-	1,074,729.68		1,074,729.68		-
270	Dividends receivable	1-13-5000			-					-
280	Short-term (current) debitorial liabilities from sales of goods and services	1-13-6000			-					-
290	Short-term (current) claims for employees and accountable persons	1-13-7000			-					-
300	Short-term (current) claims with the exit (sale) of non-financial assets	1-13-8000			-					-
310	Other short-term (current) requirements	1-13-9000		-	-					-
320	Gross income short-term (current) cash claims related to n	1-13-9500		-	-					-
330	Total short-term (current) debitorial liabilities and claims	1-13-0000	-	-	-	1,094,662.68	-	1,094,662.68	-	-
						-	-			

Accounting policies:

- a) Current investments are determined under the condition of reporting period and the reporting date of the previous reporting period
b)

Remark N3 Material supplies										Remark N3 Material supplies										
Line code	Title		The final balance of the reporting period			The final balance of the reporting period				The final balance of the reporting period				The final balance of the reporting period				The final balance of the reporting period		
			Value ¹	Decrease in accumulated value	Balance value	Value ¹	Decrease in accumulated value	Balance value		Value ¹	Decrease in accumulated value	Balance value		Value ¹	Decrease in accumulated value	Balance value		Value ¹	Decrease in accumulated value	Balance value
010	Raw materials and materials	1-14-1100	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-
020	Other materials and supplies	1-14-1400	104,494,686.10	-	7,912.00	104,486,774.10	-	165,940,405.26	-	2,224.00	-	165,938,181.26	-	-	-	-	-	-	-	-
030	Low cost assets	1-14-1410	3,939,752.24	-	792.00	3,938,960.24	-	8,204,643.48	-	792.00	-	8,203,851.48	-	-	-	-	-	-	-	-
040	Other materials and supplies	1-14-1420	100,554,933.87	-	7,120.00	100,547,813.87	-	167,735,761.19	-	1,437.00	-	167,734,324.19	-	-	-	-	-	-	-	-
090	Unfinished production	1-14-2000	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-
110	Goods held for sale	1-14-4000	2,596,855.87	-	-	2,596,855.87	-	1,370,093.19	-	-	-	1,370,093.19	-	-	-	-	-	-	-	-
120	Military material supplies	1-14-5000	-	-	-	-	-	-		-	-	-		-	-	-		-	-	-
130	Total	1-14-0000	107,091,541.97	-	7,912.00	107,083,629.97	-	167,310,498.45	-	2,224.00	-	167,308,274.45	-	-	-	-	-	-	-	-

Exit																						
Line code	Cost of material supplies 1		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receiving							Exit									The final balance of the reporting period
						By reducing advances from previous reporting periods	By current period procurement	With grants	Transfers and other unclassified income	By restoring the loss	By different incomes2	By other receptions 3	By compensation in the form of goods	By goods and services	By subsidies	By grants	Transfers and other unclassified expenses	By social benefits	By a defects	By creating capital on your own	By different costs 2	
010	Raw materials and materials	1-14-1100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
020	Other materials and supplies	1-14-1400	165,946,057.73	(5,652.47)	165,940,405.26	18,777,640.38	123,594,422.34	3,186,686.74	35,129,427.22	1,202.00	4,774.00	27,983.16	-	122,708,881.94	-	4,207,363.97	28,844,703.81	651,391.26	1,190,848.65	-	16,404,733.71	68,153,925.65
030	Low cost assets	1-14-1410	3,937,130.38	267,621.86	3,209,643.48	8,000.00	1,146,162.91	552,866.13	39,773.01	1,202.00	-	434.67	-	434.67	-	52,002.45	126,134.00	523.60	-	-	118,866.52	6,026.16
040	Other materials and supplies	1-14-1420	162,848,926.75	(113,184.97)	162,735,761.78	18,769,640.38	122,448,259.41	2,627,714.61	35,090,654.21	-	4,774.00	22,498.60	-	122,015,685.53	-	4,206,929.30	28,792,701.36	525,257.20	1,190,025.05	-	16,265,867.19	68,147,899.49
090	Unfinished production	1-14-2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	Goods held for sale	1-14-4000	1,116,633.67	253,460.12	1,370,093.19	-	1,102,475.60	337,845.97	129,085.33	-	-	-	-	211,458.59	-	129,085.63	-	-	-	-	-	2,596,855.87
120	Military material supplies	1-14-5000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Total	1-14-0000	167,062,690.80	247,807.65	167,310,498.45	18,777,640.38	124,696,697.94	3,518,626.71	35,258,512.55	1,202.00	4,774.00	27,983.16	-	122,922,340.53	-	4,336,449.60	28,844,703.81	651,391.26	1,190,848.65	-	16,404,733.71	68,153,925.65

Reducing the cost of material supplies										
Line code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Reducing the cost of material supplies				The final balance of the reporting period
						Depreciation expenses for the year value 5	Depreciation retroactive income for the year value 5	Annullud during exit	Decrease in accumulated value received	
010	Raw materials and materials	1-14-1100	-	-	-	-	-	-	-	-
020	Other materials and supplies	1-14-1400	2,224.00	-	2,224.00	9,711.29	-	-	4,603.29	7,912.00
030	Low cost assets	1-14-1410	792.00	-	792.00	1,146.41	-	-	1,146.41	792.00
040	Other materials and supplies	1-14-1420	1,437.00	-	1,437.00	8,564.88	-	-	2,676.88	7,120.00
090	Unfinished production	1-14-2000	-	-	-	-	-	-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-	-	-
110	Goods held for sale	1-14-4000	-	-	-	-	-	-	-	-
120	Military material supplies	1-14-5000	-	-	-	-	-	-	-	-
130	Total	1-14-0000	2,224.00	-	2,224.00	9,711.29	-	-	4,603.29	7,912.00

Table 3 ⁴ Explain the reasons for value reduction or value retroactive reduction

Accounting policies:

- a) As of the end of the reporting period, material supplies are recognized:
- In the case of supplies to be distributed free of charge or at nominal value, or supplies to be used in the production process of goods to be distributed free of charge or at nominal value, by the lower amount between the cost price and the current replacement value;
 - By the lower cost between cost price and net realizable value.
- b) Costs of uniform material supplies are determined for the following groups of material supplies:
- First in first out (FIFO) formula (indicate the appropriate groups):
 -
 - By the weighted average cost formula (indicate the relevant groups):
 -
 -

c) The cost price of heterogeneous material supplies is determined according to the method of identification of individual costs.

Table 2 ⁵Means cost price or other amount used to determine value

Table 2 ⁶Incomes and expenses arising from volume, quantitative changes are reflected, as for the change in value caused by one-time valuation /revaluation, it is reflected as capital adjustment in the "Net Assets/Capital Changes" statement

Table 2 ⁷Reflects increase/decrease in capital contributions, investments in other units, reclassification of assets, barter and etc.

Table 2 ⁸In accordance with the specifics of the organization, material supplies of similar nature and use are reflected by groups (if any)

Remark N4 other short-term (current) assets ¹								
Line code	Title		Reporting period			The final balance of the previous reporting period		
			Total balance value	Accumulated devaluation loss	Balance value	Total balance value	Accumulated devaluation loss	Balance value
	Other short-term (current) assets							
010	Advance payments	1-15-1000	430,087,381.84	-	430,087,381.84	160,432,568.42	-	160,432,568.42
020	Advance payments for goods	1-15-1100-1	27,761,054.45	-	27,761,054.45	29,223,916.32	-	29,223,916.32
	Advance payments service	1-15-1100-2	1,023,562.65	-	1,023,562.65	-	-	-
030	Advance payments for long-term non-financial assets	1-15-1200	298,985,276.49	-	298,985,276.49	96,306,283.05	-	96,306,283.05
040	Advance payments with payments	1-15-1300	102,317,488.25	-	102,317,488.25	34,902,369.05	-	34,902,369.05
050	Short-term (current) non-monetary claims with the transfer of non-financial assets	1-15-2000	146,923.98	-	146,923.98	620,324.90	-	620,324.90
060	Short-term (current) claims with receivables from barter operations	1-15-3000	228,304.62	-	228,304.62	-	-	-
070	Short-term (current) non-monetary claims related to non-exchange operations	1-15-4000	-	-	-	-	-	-
080	Short-term (current) non-monetary requirements with a deficit of non-financial assets	1-15-5000	2,907,214.51	-	2,907,214.51	1,357,326.98	-	1,357,326.98
090	Total	1-15-0000	433,369,824.95	-	433,369,824.95	162,410,220.30	-	162,410,220.30

Line code	Title		Total balance value					
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase	Decrease	The final balance of the reporting period
	Other short-term (current) assets							
010	Advance payments	1-15-1000	171,780,533.07	(11,347,964.65)	160,432,568.42	463,795,071.23	194,140,257.81	430,087,381.84
020	Advance payments for goods	1-15-1100-1	39,082,043.97	(9,858,127.65)	29,223,916.32	8,176,014.21	9,638,876.08	27,761,054.45
	Advance payments service	1-15-1100-2	-	-	-	2,534,918.67	1,511,356.02	1,023,562.65
030	Advance payments for long-term non-financial assets	1-15-1200	96,306,683.05	(400.00)	96,306,283.05	221,658,434.76	18,979,441.32	298,985,276.49
040	Advance payments with payments	1-15-1300	36,391,806.05	(1,489,437.00)	34,902,369.05	231,425,703.59	164,010,584.39	102,317,488.25
050	Short-term (current) non-monetary claims with the transfer of non-financial assets	1-15-2000	620,324.90	-	620,324.90	67,638.00	541,038.92	146,923.98
060	Short-term (current) claims with receivables from barter operations	1-15-3000	-	-	-	308,393.02	80,088.40	228,304.62
070	Short-term (current) non-monetary claims related to non-exchange operations	1-15-4000	-	-	-	-	-	-
080	non-financial assets	1-15-5000	1,357,326.98	-	1,357,326.98	1,554,194.75	4,307.22	2,907,214.51
090	Total	1-15-0000	173,758,184.95	(11,347,964.65)	162,410,220.30	465,725,297.00	194,765,692.35	433,369,824.95

Line code	Title		Accumulated devaluation loss/allowances for doubtful accounts						
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Devaluation expense for the year	Retroactive income	Reclassification of assets (+/-)	The final balance of the reporting period
	Other short-term (current) assets								
010	Advance payments		-	-	-	-	-	-	-
020	Advance payments for goods				-				-
	Advance payments service				-				-
030	Advance payments for long-term non-financial assets				-				-
040	Advance payments with payments				-				-
050	Short-term (current) non-monetary claims with the transfer of non-				-				-
060	Short-term (current) claims with receivables from barter				-				-
070	Short-term (current) non-monetary claims related to non-				-				-
080	Short-term (current) non-monetary requirements with a deficit of				-				-
090	Total		-	-	-	-	-	-	-

Table 2 ¹ Non-monetary claims on 1-15-0000 accounts are reflected

Accounting policies:

Indicate the accounting policies used for recording other short-term (current) assets

Remark N5 Long-term financial assets								
Line code	Title		The final balance of the reporting period			The final balance of the previous reporting period		
			Total balance	Accumulated devaluation loss/allowance for doubtful accounts	Balance value	Total balance	Accumulated devaluation loss/allowance for doubtful accounts	Total balance
Long-term financial assets								
010	Long-term credits and loans	1-21-1000	4,824,385.31	-	4,824,385.31	4,833,556.31	-	4,833,556.31
020	Investments in equity instruments ¹	1-21-2000	63,729,455.00	-	63,729,455.00	43,517,982.00	-	43,517,982.00
030	Other long-term financial assets	1-21-3000	-	-	-	-	-	-
040	Other long-term debitorial liabilities and non-cash claims	1-21-4000	45,239.00	-	45,239.00	-	-	-
050	Gross income from finance leases long-term debitorial liabilities	1-21-4100	-	-	-	-	-	-
060	Total long-term financial assets	1-21-0000	68,599,079.31	-	68,599,079.31	48,351,538.31	-	48,351,538.31

Line code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase					Decrease					The final balance of the reporting period
						By procurement the current period	By the difference between exchange rate	By reclassification	By capital method	By other increase	Covering the current period	By the difference between exchange rate	By reclassification	By capital method	By other decrease *	
Long-term financial assets																
010	Long-term credits and loans	1-21-1000	4,844,823.31	(11,267.00)	4,833,556.31						9,171.00					4,824,385.31
020	Investments in equity instruments	1-21-2000	4,243,664.00	39,274,318.00	43,517,982.00				3,822,309.00	17,775,322.00				1,386,158.00		63,729,455.00
030	Other long-term financial assets	1-21-3000	-	-	-				-	-						-
040	Other long-term debitorial liabilities and non-cash claims	1-21-4000	-	-	-					45,239.00					-	45,239.00
050	Gross income from finance leases long-term debitorial liabilities	1-21-4100	-	-	-											-
060	Total long-term financial assets	1-21-0000	9,088,487.31	39,263,051.00	48,351,538.31	-	-	-	3,822,309.00	17,820,561.00	9,171.00	-	-	1,386,158.00	-	68,599,079.31

Line code	Title		Accumulated devaluation loss/allowances for doubtful accounts						
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Devaluation expenses for the year ¹	Devaluation retroactive income for the year ¹	Reclassification of assets (+/-)	The final balance of the reporting period
	Long-term financial assets								
010	Long-term credits and loans	1-21-1000			-				-
020	Investments in equity instruments	1-21-2000			-				-
030	Other long-term financial assets	1-21-3000			-				-
040	Other long-term debitorial liabilities and non-cash claims	1-21-4000			-				-
050	Gross income from finance leases long-term debitorial liabilities	1-21-4100			-				-
060	Total long-term financial assets	1-21-0000	-	-	-	-	-	-	-

Line code	Title		Reporting period as of December 31	Previous reporting period as of December 31
010	Long-term debitorial liabilities from finance leases	1-21-4100	-	-
020	Total investment in finance lease			
030	The present value of the minimum instalments of the finance lease			
040	Unearned financial income			

Line code	Title		Reporting period as of December 31	Increase/decrease reflected in surplus and deficit (+/-)	Increase/decrease reflected in reserves (+/-)	Previous reporting period as of December 31
010	Investments in equity instruments	1-21-2000	-	-	-	-
020	Investments in the state commercial enterprises					-
030	Investments in related entities and joint activities					-

Accounting policies:

a) Long-term credits and loans are assessed at amortized cost

b) Investments in equity instruments are measured at cost price, unless the investments are made in controlled entities, related entities or joint ventures. In such cases, they are evaluated using the capital method.

c) Long-term debitorial liability from financial leases are recognized at the lower amount between the real (fair) value of the leased property and the current value of the minimum lease payments determined at the beginning of the lease agreement.

Remark N6 Fixed assets										Remark N6 Fixed assets									
Line code	Title		The final balance of the reporting period				The final balance of the previous reporting period					The final balance of the reporting period				The final balance of the previous reporting period			
			Value ²	Accumulated wear and tear	Accumulated devaluation	Balance value	Value ²	Accumulated wear and tear	Accumulated devaluation	Balance value		Value ²	Accumulated wear and tear	Accumulated devaluation	Balance value	Value ²	Accumulated wear and tear	Accumulated devaluation	Balance value
010	Buildings to be used for own purposes	1-22-1000	352,993,701.20	29,464,276.94	-	323,529,424.26	346,547,798.53	26,389,847.27	-	320,157,951.26									
020	Residential houses	1-22-1100	7,645,083.22	453,059.48	-	7,192,023.74	5,936,580.48	-	-	5,551,628.48									
030	Non-residential buildings	1-22-1200	306,060,548.98	28,471,131.38	-	277,589,417.60	302,354,063.11	25,532,241.06	-	276,821,822.05									
040	Other buildings	1-22-1300	1,357,370.49	540,084.27	-	817,286.22	1,199,318.11	472,654.21	-	726,663.90									
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-									
060	Land	1-22-1500	37,930,698.91	-	-	37,930,698.91	37,057,836.83	-	-	37,057,836.83									
070	Machinery and inventory	1-22-2000	184,760,347.34	74,889,012.17	3,711.00	109,867,624.07	161,195,162.34	57,223,787.00	3,711.00	103,967,664.34									
080	Transport equipment	1-22-2100	70,432,529.19	27,413,162.28	-	43,019,366.91	62,505,108.68	20,598,140.11	-	41,906,968.57									
090	Other machinery and equipment	1-22-2200	114,327,818.05	47,475,849.89	3,711.00	66,844,257.16	98,690,053.66	36,635,646.89	3,711.00	62,060,695.77									
100	Information, computer, telecommunication and other devices, furniture and equipment	1-22-2210	69,076,023.48	34,026,680.84	3,711.00	35,045,631.64	65,482,151.26	27,502,188.93	3,711.00	37,976,251.33									
110	Other machinery and inventory	1-22-2220	45,251,794.57	13,449,169.05	-	31,802,625.52	33,207,902.40	9,123,457.96	-	24,084,444.44									
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-									
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-									
140	Total	1-22-0000	537,754,048.44	104,933,289.11	3,711.00	433,397,048.33	507,742,960.87	83,613,634.27	3,711.00	424,125,615.60									

Line code	Cost of fixed assets ¹		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Revenue								Exit					The final balance of the reporting period	
						By reducing advances from the previous reporting periods	By current period procurement	By substantial improvement	By grants	Transfers and other unclassified income	By restoring the loss	By different incomes ²	By other receptions ³	By sale	By grants	Transfers and other unclassified expenses	By a deficit	By different costs ⁴		By other exits ⁵
010	Buildings to be used for own purposes	1-22-1000	322,137,164.65	24,410,633.88	346,547,798.53	56,750.00	2,180,965.49	-	1,388,227.74	3,000,715.81	-	4,324.89	1,574,147.96	-	168,158.00	1,041,607.46	-	113,827.00	435,636.96	352,993,701.20
020	Residential houses	1-22-1100	5,936,580.48	-	5,936,580.48	-	400.00	-	-	1,415,817.94	-	-	50,050.00	-	-	-	-	-	12,772.00	7,645,083.22
030	Non-residential buildings	1-22-1200	290,070,021.23	12,284,041.88	302,354,063.11	56,350.00	1,920,559.29	-	1,069,342.11	572,155.01	-	4,324.89	1,332,849.02	-	168,158.00	726,096.29	-	113,827.00	306,060,548.98	
040	Other buildings	1-22-1300	1,199,318.11	-	1,199,318.11	-	4,674.60	-	194,645.63	153,377.78	-	-	178,476.94	-	-	191,271.37	-	-	181,851.40	1,357,370.49
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Land	1-22-1500	24,931,244.83	12,126,592.00	37,057,836.83	-	725.00	-	124,240.00	859,365.08	-	-	12,772.00	-	-	124,240.00	-	-	-	37,930,698.91
070	Machinery and inventory	1-22-2000	162,496,971.94	(1,255,089.00)	161,195,162.94	5,739,045.63	9,689,696.62	-	1,229,757.24	16,670,375.57	236.00	16,197.66	11,484,438.61	-	149,200.41	16,462,483.40	15,763.88	307,852.58	4,279,222.21	184,760,347.34
080	Transport equipment	1-22-2100	62,159,224.30	345,884.38	62,505,108.68	5,034,044.10	4,139,114.37	-	2,550.06	281,086.36	-	6,066.66	789,255.05	-	73,633.88	198,834.00	-	198,834.00	2,115,360.11	70,432,529.19
090	Other machinery and equipment	1-22-2200	100,291,147.04	(1,601,093.38)	98,690,053.66	705,001.53	5,550,542.25	-	1,227,207.18	16,409,287.21	236.00	10,131.00	10,702,083.56	-	76,586.43	16,462,483.40	15,763.88	249,028.53	2,362,862.10	114,327,818.05
100	Information, computer, telecommunication and other devices, furniture and equipment	1-22-2210	66,640,363.42	(1,158,212.16)	65,482,151.26	31,786.00	4,161,369.87	-	505,220.18	24,275.03	236.00	10,131.00	112,990.15	-	76,372.67	89,976.00	10,061.49	155,373.00	920,352.85	69,076,023.48
110	Other machinery and inventory	1-22-2220	33,650,783.62	(442,881.22)	33,207,902.40	673,215.53	1,389,172.38	-	721,987.00	16,385,012.18	-	-	10,589,093.41	-	213.76	16,372,507.40	5,702.39	83,655.53	1,242,509.25	45,251,794.57
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Total	1-22-0000	484,587,535.99	23,155,424.88	507,742,960.87	5,795,795.63	11,870,622.31	-	2,617,984.98	19,671,091.38	236.00	20,522.55	13,058,586.57	-	317,358.41	17,504,090.86	15,763.88	471,679.53	4,714,859.17	537,754,048.44

Line code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	Accumulated depreciation of fixed assets						Accumulated devaluation loss on fixed assets						The final balance of the reporting period			
					The recalculated opening balance of the reporting period	Depreciation expense for the year	Annulled during exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period	Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Devaluation expense for the year ⁴	Income after devaluation retroactive expense for the year ⁴	Annulled during exit		Accumulated devaluation received	Reclassification of assets (+/-)	
010	Buildings to be used for own purposes	1-22-1000	26,688,553.69	(258,706.42)	26,389,847.27	3,086,913.15	379,654.96	367,171.48	-	29,464,276.94	-	-	-	-	-	-	-	-	-	-
020	Residential houses	1-22-1100	384,952.00	-	384,952.00	68,107.49	-	-	-	453,059.49	-	-	-	-	-	-	-	-	-	-
030	Non-residential buildings	1-22-1200	25,830,947.48	(258,706.42)	25,532,241.06	2,948,001.14	197,803.56	188,694.54	-	28,471,133.18	-	-	-	-	-	-	-	-	-	-
040	Other buildings	1-22-1300	472,654.21	-	472,654.21	70,864.52	181,851.40	178,476.94	-	540,084.27	-	-	-	-	-	-	-	-	-	-
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Land	1-22-1500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
070	Machinery and inventory	1-22-2000	60,585,089.34	(3,361,302.34)	57,223,787.00	20,315,144.67	3,954,755.68	1,295,108.98	9,727.30	74,889,012.17	3,711.00	-	3,711.00	465,830.53	-	465,830.53	-	-	3,711.00	-
080	Transport equipment	1-22-2100	21,505,820.31	(807,680.20)	20,598,140.11	8,003,024.01	1,907,871.10	719,969.26	-	27,413,162.28	-	-	-	-	-	-	-	-	-	-
090	Other machinery and equipment	1-22-2200	39,079,269.03	(2,453,622.14)	36,625,646.89	12,312,120.66	2,046,784.58	575,139.72	9,727.30	47,475,849.89	3,711.00	-	3,711.00	465,830.53	-	465,830.53	-	-	3,711.00	-
100	Information, computer, telecommunication and other devices, furniture and equipment	1-22-2210	29,127,753.85	(1,625,564.92)	27,502,188.93	7,240,322.79	728,518.56	12,687.64	-	34,026,680.84	3,711.00	-	3,711.00	455,514.53	-	455,514.53	-	-	3,711.00	-
110	Other machinery and inventory	1-22-2220	9,951,515.18	(828,057.22)	9,123,457.96	5,071,797.87	1,318,266.02	562,452.04	9,727.30	13,449,169.05	-	-	-	10,316.00	-	10,316.00	-	-	-	-
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Total	1-22-0000	87,273,643.03	(3,640,008.70)	83,613,634.27	23,402,057.82	4,334,410.44	1,662,280.46	9,727.30	104,933,289.11	3,711.00	-	3,711.00	465,830.53	-	465,830.53	-	-	3,711.00	-

Remark N7 Investment property										Remark N7 Investment property									
Line code	Title		The final balance of the reporting period				The final balance of the previous reporting period												
			Value ¹	Accumulated wear and tear	Accumulated devaluation	Balance value	Value ¹	Accumulated wear and tear	Accumulated devaluation	Balance value									
010	Residential buildings classified as investment property	1-23-1000	-	-	-	-	-	-	-	-									
020	Non-residential buildings classified as investment property	1-23-2000	-	-	-	-	-	-	-	-									
030	Other buildings classified as investment property	1-23-3000	-	-	-	-	-	-	-	-									
040	Land improvements classified as investment property	1-23-4000	-	-	-	-	-	-	-	-									
050	Land classified as investment property	1-23-5000	-	-	-	-	-	-	-	-									
060	Total investment property	1-23-0000	-	-	-	-	-	-	-	-									

Line code	Investment property value		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receive							Exit							The final balance of the reporting period
						By reducing advances from the previous reporting periods	By current period procurement	By substantial improvement	By grants	Transfers and other unclassified income	By restoring the loss	By different incomes ²	By other receptions ¹	By sale	By grants	Transfers and other unclassified expenses	By a deficit	By different expenses ²	By other exits ³	
010	Residential buildings classified as investment property	1-23-1000			-															-
020	Non-residential buildings classified as investment property	1-23-2000			-															-
030	Other buildings classified as investment property	1-23-3000			-															-
040	Land improvements classified as investment property	1-23-4000			-															-
050	Land classified as investment property	1-23-5000			-															-
060	Total investment property	1-23-0000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Line code	Title		Accumulated depreciation of investment property							Accumulated devaluation loss on investment property									
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year	Annulled during exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period	Opening balance of the reporting period	The opening balance of the reporting period (change +/-)	The recalculated opening balance of the reporting period	Devaluation expense for the year ⁴	Income after retroactive devaluation expense for the year ⁴	Annulled during exit	Accumulated devaluation received	Reclassification of assets (+/-)	The final balance of the reporting period
010	Residential buildings classified as investment property	1-23-1000			-					-			-						-
020	Non-residential buildings classified as investment property	1-23-2000			-					-			-						-
030	Other buildings classified as investment property	1-23-3000			-					-			-						-
040	Land improvements classified as investment property	1-23-4000			-					-			-						-
050	Land classified as investment property	1-23-5000			-					-			-						-
060	Total investment property	1-23-0000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 3 ⁴ Explain the reasons for an devaluation charge or a retroactive charge

Table 2 ¹ Means cost price or other amount used to determine value

Table 2 ² Incomes and expenses arising from volume, quantitative changes are reflected, as for the change in value caused by one-time valuation/revaluation, it is reflected as capital

Table 2 ³ Reflects increase/decrease in capital contributions, investments in other units, reclassification of assets, barter and etc.

Accounting policies:

a) In financial statements, investment property is evaluated using the cost price model.

b) Investment property will be depreciated using the straight-line method.

c) The minimum period of useful service for depreciation is determined by the instruction approved by the order of the Minister of Finance of Georgia dated December 2, 2020 N289 "On accounting of depreciation/amortization by budgetary organizations and reflection in financial statements".

Remark №8 Intangible assets													Remark №8 Intangible assets												
Line code	Title		The final balance of the reporting period				The final balance of the previous reporting period				Line code	Title		The final balance of the reporting period				The final balance of the previous reporting period							
			Value ¹	Accumulated amortization	Accumulated devaluation	Balance value	Value ¹	Accumulated amortization	Accumulated devaluation	Balance value				Value ¹	Accumulated amortization	Accumulated devaluation	Balance value								
Intangible property sites																									
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
030	Software and databases	1-24-1300	19,491,541.56	16,271,657.73	21,170.48	3,198,713.35	32,890,711.88	26,711,488.26	-	6,179,223.62	030	Software and databases	1-24-1300	15,544,586.37	12,786,865.42	9,778.80	2,747,842.35	17,210,549.75	12,029,970.07	-	5,180,578.68				
040	Software	1-24-1310	15,544,586.37	12,786,865.42	9,778.80	2,747,842.35	17,210,549.75	12,029,970.07	-	5,180,578.68	040	Software	1-24-1310	15,544,586.37	12,786,865.42	9,778.80	2,747,842.35	17,210,549.75	12,029,970.07	-	5,180,578.68				
050	Databases	1-24-1320	3,946,955.19	3,484,792.31	11,291.68	450,771.00	15,680,162.13	14,681,518.19	-	998,643.94	050	Databases	1-24-1320	3,946,955.19	3,484,792.31	11,291.68	450,771.00	15,680,162.13	14,681,518.19	-	998,643.94				
060	Entertainment, literary and artistic original samples	1-24-1400	2,307.99	-	-	2,307.99	-	-	-	2,307.99	060	Entertainment, literary and artistic original samples	1-24-1400	2,307.99	-	-	2,307.99	-	-	-	2,307.99				
070	Other intangible property products	1-24-1500	3,718,420.07	2,546,410.82	21,717.00	1,150,292.25	4,037,932.49	2,461,384.08	3,409.00	1,573,138.51	070	Other intangible property products	1-24-1500	3,718,420.07	2,546,410.82	21,717.00	1,150,292.25	4,037,932.49	2,461,384.08	3,409.00	1,573,138.51				
080	Total	1-24-1000	23,212,269.62	18,818,068.55	42,887.48	4,951,313.59	36,964,637.42	29,176,472.49	3,409.00	7,754,670.12	080	Total	1-24-1000	23,212,269.62	18,818,068.55	42,887.48	4,951,313.59	36,964,637.42	29,176,472.49	3,409.00	7,754,670.12				
Intangible non-produced assets																									
090	Agreements, leases and licenses	1-24-2100	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81	090	Agreements, leases and licenses	1-24-2100	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81				
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-	100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-				
110	Permits for use of natural resources	1-24-2120	-	-	-	-	-	-	-	-	110	Permits for use of natural resources	1-24-2120	-	-	-	-	-	-	-	-				
120	Permits for specific activities	1-24-2130	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81	120	Permits for specific activities	1-24-2130	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81				
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-	130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-				
140	Purchased goodwill	1-24-2200	-	-	-	-	-	-	-	-	140	Purchased goodwill	1-24-2200	-	-	-	-	-	-	-	-				
150	Total	1-24-2000	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81	150	Total	1-24-2000	879,550.50	92,787.31	-	786,763.19	33,685.06	3,599.25	-	30,085.81				
150	Total	1-24-0000	24,091,820.12	18,910,855.86	42,887.48	5,138,076.78	36,964,637.42	29,176,472.49	3,409.00	7,784,755.93	150	Total	1-24-0000	24,091,820.12	18,910,855.86	42,887.48	5,138,076.78	36,964,637.42	29,176,472.49	3,409.00	7,784,755.93				

Line code	Value of intangible assets ¹		Opening balance of the reporting period	Change in the final balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Revenue										Exit					The final balance of the reporting period
						By reducing advances from previous reporting periods	By current period procurement	By substantial improvement	By grants	Transfers and other unclassified income	By restoring the loss	By different incomes ²	By other receptions ³	By sale	By grants	Transfers and other unclassified expenses	By a deficit	By different costs ²	By other exits ³		
Intellectual property sites																					
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
030	Software and databases	1-24-1300	32,893,815.88	96,896.00	32,890,711.88	-	14,657.80	-	-	-	-	1,522.00	158,541.42	-	-	-	-				
040	Software	1-24-1310	17,202,548.75	6,960.00	17,210,548.75	-	13,000.80	-	-	-	-	1,522.00	158,541.42	-	-	-	-				
050	Databases	1-24-1320	15,630,226.13	49,936.00	15,680,162.13	-	1,565.00	-	-	-	-	1,522.00	-	-	-	-	-				
060	Entertainment, literary and artistic original samples	1-24-1400	2,307.99	-	2,307.99	-	-	-	-	-	-	-	-	-	-	-	-				
070	Other intellectual property products	1-24-1500	4,033,522.49	4,410.00	4,037,932.49	-	1,900.00	-	-	-	-	-	-	-	-	-	-				
080	Total	1-24-1000	36,869,646.36	61,306.00	36,930,952.36	-	16,557.80	-	-	-	-	1,522.00	158,541.42	-	-	-	-				
Intangible non-produced assets																					
090	Agreements, leases and licenses	1-24-2100	33,685.06	-	33,685.06	-	815.00	-	-	-	-	-	-	-	-	-	-				
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-	-	-	845,050.44	-	-	-	-				
110	Permits for use of natural resources	1-24-2120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
120	Permits for specific activities	1-24-2130	33,685.06	-	33,685.06	-	815.00	-	-	-	-	-	-	-	-	-	-				
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-	-	-	845,050.44	-	-	-	-				
140	Purchased goodwill	1-24-2200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
150	Total	1-24-2000	33,685.06	-	33,685.06	-	815.00	-	-	-	-	-	-	-	-	-	-				
150	Total	1-24-0000	36,903,331.42	61,306.00	36,964,637.42	-	17,372.80	-	-	-	-	1,522.00	1,003,591.86	-	-	-	-				
														242,289.00		13,653,015.06	24,091,820.12				

			Accumulated amortization of intangible assets							Accumulated devaluation loss on intangible assets									
Line code	Title		Opening balance of the reporting period	Change in the final balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year	Annulled during exit	Accumulated amortization received	Reclassification of assets (+/-)	The final balance of the reporting period	Opening balance of the reporting period	Change in the final balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Devaluation expense for the year +	Income after retroactive devaluation expense for the year +	Annulled during exit	Accumulated devaluation received	Reclassification of assets (+/-)	The final balance of the reporting period
Intangible property sites																			
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	Software and databases	1-24-1300	26,053,884.26	57,604.00	26,711,488.26	1,994,571.25	12,592,943.20	158,541.42	-	16,771,657.73	-	-	-	-	21,570.48	-	-	-	21,570.48
040	Software	1-24-1310	12,022,504.07	7,666.00	12,029,970.07	1,550,901.19	891,547.26	158,541.42	-	12,786,865.42	-	-	-	-	9,778.60	-	-	-	9,778.60
050	Databases	1-24-1320	14,611,580.19	49,938.00	14,681,518.19	403,670.06	11,600,395.84	-	-	3,484,792.31	-	-	-	-	11,391.88	-	-	-	11,391.88
060	Entertainment, literary and artistic original samples	1-24-1400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
070	Other intangible property products	1-24-1500	2,459,934.98	1,470.00	2,461,384.98	318,893.46	224,140.42	158,541.42	(9,727.30)	2,546,410.82	3,409.00	3,409.00	3,409.00	18,508.00	-	-	-	-	21,717.00
080	Total	1-24-1000	29,116,799.04	59,074.00	29,172,873.04	2,313,464.71	12,817,083.62	158,541.42	(9,727.30)	18,818,068.55	-	3,409.00	3,409.00	39,478.48	-	-	-	-	42,887.48
Intangible non-produced assets																			
090	Agreements, leases and licenses	1-24-2100	3,599.25	-	3,599.25	89,188.06	-	-	-	92,787.31	-	-	-	-	-	-	-	-	-
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	Permits for use of natural resources	1-24-2120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Permits for specific activities	1-24-2130	3,599.25	-	3,599.25	89,188.06	-	-	-	92,787.31	-	-	-	-	-	-	-	-	-
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Purchased goodwill	1-24-2200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total	1-24-2000	3,599.25	-	3,599.25	89,188.06	-	-	-	92,787.31	-	-	-	-	-	-	-	-	-
150	Total	1-24-0000	29,117,398.49	59,074.00	29,176,472.49	2,402,652.77	12,817,083.62	158,541.42	(9,727.30)	18,910,855.86	-	3,409.00	3,409.00	39,478.48	-	-	-	-	42,887.48

Remark N9 Preferential Service Arrangements		
Title and Description of agreement #1	Financial liabilities model	

Line code	Description of preferred service assets	The final balance of the reporting period				The final balance of the previous reporting period			
		Value ¹	Accumulated Depreciation/Amortization	Accumulated devaluation loss	Balance value	Value ¹	Accumulated Depreciation/Amortization	Accumulated devaluation loss	Balance value
010					-				-
020					-				-
030					-				-
040					-				-
050					-				-
060					-				-
070					-				-
080	16760	-	-	-	-	-	-	-	-

Reporting period									
Line code	Changes in balance values of preferential service assets	Total	Preferential Service agreement						
			Name of the agreement		Name of the agreement		Name of the agreement		
			Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner	
010	Opening balance								
020	Procurement	-	-	-	-	-	-	-	-
030	Acceptance as a result of reclassification								
040	Asset improvement (update)								
050	Exit	-	-	-	-	-	-	-	-
060	Exit as a result of reclassification								
070	Another reduction								
080	Final balance	-	-	-	-	-	-	-	-

Reporting period									
Line code	Accumulated Depreciation/Amortization	Total	Preferential Service agreement						
			Name of the agreement		Name of the agreement		Name of the agreement		
			Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner	
010	Opening balance	-							
020	Depreciation/amortization expense for the year	-							
030	Eliminated on exit	-							
040	Reclassification of assets (+/-)	-							
050	Final balance	-	-	-	-	-	-	-	-

Reporting period								
Line code	Accumulated devaluation Loss on preferential service assets	Total	Preferential Service agreement					
			Name of the agreement		Name of the agreement		Name of the agreement	
			Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner	Current asset of the government	Provided by a private sector partner
010	Opening balance	-						
020	Devaluation expense of the year (retroactive) ²	-						
030	Eliminated on exit	-						
040	Reclassification of assets (+/-)	-						
050	Final balance	-	-	-	-	-	-	-

Line code	Liabilities	Opening balance	Change in opening balance (+/-)	The recalculated opening balance of the reporting period	Decrease				Final balance
					Payment of the principal amount	Cost of financing	Service cost	Total	
010	Short-term (current) liabilities			-				-	-
020	Current portion of long-term liabilities for preferential services			-				-	-
030	Preferential service agreement 1			-				-	-
040	Preferential service agreement 2			-				-	-
050	Preferential service agreement 3			-				-	-
060	Long-term liabilities			-				-	-
070	Preferential service long-term liabilities			-				-	-
080	Preferential service agreement 1			-				-	-
090	Preferential service agreement 2			-				-	-
100	Preferential service agreement 3			-				-	-

Table 2 ¹ Means cost price or other amount used to determine value

Table 5 ² Explain the reasons for an devaluation charge or a retroactive charge

Accounting policies:

a) Assets of preferential service agreements are recognized as government assets. Considering that the construction/creation of these assets is in stages, the government recognizes them as construction in progress at cost.

At the same time, a financial liability of the same value is recognized. When the construction/creation of the assets is completed, their total cost and the countervailing financial liability reflect the value of the future remuneration that must be transferred to the private sector partner in exchange for the assets.

b) Preferential service assets are initially valued at fair (real) value.

c) After initial recognition, the accounting for benefit service assets is done in accordance with IPSAS 17 and IPSAS 31.

d) Preferential service liabilities are recognized at the same time as preferential service assets are recognized, unless the asset is a pre-existing asset of the government. Preferential service liability is recognized initially at the same amount as the preferential service asset.

Remark N10 Financial lease assets and liabilities									
Line code	Financial leased assets	The final balance of the reporting period				The final balance of the previous reporting period			
		Value ¹	Accumulated Depreciation/Amortization	Accumulated devaluation loss	Balance value	Value ¹	Accumulated Depreciation/Amortization	Accumulated devaluation loss	Balance value
010					-				-
020					-				-
030					-				-
040					-				-
050					-				-
060					-				-
070					-				-
080					-				-
090					-				-
100					-				-
110					-				-
120					-				-
130					-				-
140					-				-
150					-				-
160					-				-
170					-				-
180					-				-
190					-				-
200					-				-
210					-				-
220					-				-
230					-				-
240					-				-
250					-				-
260					-				-
270					-				-
080	Total	-	-	-	-	-	-	-	-

Reporting period							
Line code	Financial leased assets	Opening balance	Change in opening balance (+/-)	The recalculated opening balance of the reporting period	Increase	Decrease	Final balance
010	Current liabilities	-	-	-	-	-	-
020	The current portion of the amounts payable on long-term finance leases			-			-
030	Long-term liabilities	-	-	-	-	-	-
040	Amounts payable on long-term finance leases			-			-

¹ Means cost price or other amount used to determine value

Accounting policies:
a) Non-financial assets received under finance leases are classified and accounted for as property, plant and equipment, intangible assets or investment property in accordance with IPSAS 17, IPSAS 16 or IPSAS 31

Remark N 11 other long-term non-financial assets											Remark N 11 other long-term non-financial assets										
Line code	Title		The final balance of the reporting period				The final balance of the previous reporting period														
			Value ¹	Accumulated wear and tear	Accumulated devaluation loss	Balance value	Value ¹	Accumulated wear and tear	Accumulated devaluation loss	Balance value											
010	Values	1-27-1000	-	-	-	-	-	-	-	-											
020	Tangible non-produced assets	1-27-2000	309.60	-	-	309.60	309.60	-	-	309.60											
030	Legacy assets	1-27-3000	-	-	-	-	-	-	-	-											
040	Unfinished assets	1-27-4000	94,754,215.38	-	-	94,754,215.38	140,980,270.20	-	-	140,980,270.20											
050	Unfinished construction	1-27-4100	16,202,457.61	-	-	16,202,457.61	5,924,372.02	-	-	5,924,372.02											
060	Assets which title has not yet been acquired or accepted for transfer to	1-27-4200	78,551,607.77	-	-	78,551,607.77	135,055,898.18	-	-	135,055,898.18											
070	Substantial improvements to	1-27-4300	150.00	-	-	150.00	-	-	-	-											
080	Long-term non-financial assets held for sale	1-27-4400	-	-	-	-	-	-	-	-											
090	Biological assets in the process of increase	1-27-4500	-	-	-	-	-	-	-	-											
100	Unfinished intangible asset	1-27-4600	-	-	-	-	-	-	-	-											
110	Costs of transferring title to non-produced assets (except land).	1-27-5000	14,661.96	-	-	14,661.96	13,411.96	-	-	13,411.96											
120	Total	1-27-0000	94,769,186.94	-	-	94,769,186.94	140,993,991.76	-	-	140,993,991.76											

Line code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receive								Exit						The final balance of the reporting period	
						By reducing advances from previous reporting periods	By current period procurement	By substantial improvement	By grants	Transfers and other unclassified income	By restoring the loss	By creating capital on your own	By different incomes ¹	By other receptions ¹	By sale	By grants	Transfers and other unclassified expenses	By a deficit	By different costs ²		By other exits ²
010	Values	1-27-1000																			
020	Tangible non-produced assets	1-27-2000	309.60		309.60															309.60	
030	Legacy assets	1-27-3000																			
040	Unfinished assets	1-27-4000	143,058,862.41	(2,078,592.21)	140,980,270.20	2,420,862.18	22,650,098.61	-	67,194,225.20	8,840.00	-	-	-	323,029.57	-	1,159,998.97	51,555,008.19	-	-	86,108,103.22	94,754,215.38
050	Unfinished construction	1-27-4100	5,924,372.02	-	5,924,372.02	1,919,308.13	9,309,785.14	-	204,170.01							-	6,698.32	-	-	1,148,479.37	16,202,457.61
060	Assets which title has not yet been	1-27-4200	136,986,425.17	(1,930,526.99)	135,055,898.18	501,554.05	13,340,163.47		66,990,055.19	8,840.00				323,029.57		1,159,998.97	51,548,309.87		-	84,959,623.85	78,551,607.77
070	Substantial improvements to	1-27-4300					150.00												-	-	150.00
080	Long-term non-financial assets held for sale	1-27-4400			-												-	-	-	-	
090	Biological assets in the process of increase	1-27-4500			-												-	-	-	-	
100	Unfinished intangible asset	1-27-4600	148,065.22	(148,065.22)	-												-	-	-	-	
110	Costs of transferring title to non-produced assets (except land).	1-27-5000	13,411.96		13,411.96		1,250.00										-	-	-	-	14,661.96
120	Total	1-27-0000	143,072,583.97	(2,078,592.21)	140,993,991.76	2,420,862.18	22,651,348.61	-	67,194,225.20	8,840.00	-	-	-	323,029.57	-	1,159,998.97	51,555,008.19	-	-	86,108,103.22	94,769,186.94

Line code	Title		Accumulated depreciation of other non-financial long-term assets							Accumulated devaluation losses on other non-financial non-current assets									
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year (if any)	Annulled during exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period	Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Devaluation expense for the year ⁴	Income after retroactive devaluation expense for the year ⁴	Accumulated devaluation received	Annulled during exit	Reclassification of assets (+/-)	The final balance of the reporting period
010	Values	1-27-1000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
020	Tangible non-produced assets	1-27-2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	Legacy assets	1-27-3000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Unfinished assets	1-27-4000	-	-	-	-	-	-	-	-	-	-	-	45,163,598.58	-	-	45,163,598.58	-	-
050	Unfinished construction	1-27-4100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Assets which title has not yet been	1-27-4200	-	-	-	-	-	-	-	-	-	-	-	45,163,598.58	-	-	45,163,598.58	-	-
070	Substantial improvements to	1-27-4300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	Long-term non-financial assets held	1-27-4400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Biological assets in the process of increase	1-27-4500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Unfinished intangible asset	1-27-4600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	Costs of transferring title to non-produced assets (except land).	1-27-5000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total	1-27-0000	-	-	-	-	-	-	-	-	-	-	-	45,163,598.58	-	-	45,163,598.58	-	-

Remark N12 short-term and long-term financial liabilities										
Line code	Liabilities		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase		Decrease		The final balance of the reporting period
						Cash registers	Other ¹	Cash registers	Other ¹	
	Short-term financial liabilities		-	-	-	-	-	-	-	-
010	Short-term borrowed funds with budgetary funds	2-12-1100	-	-	-	-	-	-	-	-
020	Short-term borrowed funds with budget funds in national currency	2-12-1110			-					-
030	Short-term borrowed funds with budgetary funds in foreign currency	2-12-1120			-					-
040	Short-term borrowed funds with non-budgetary funds	2-12-1200	-	-	-	-	-	-	-	-
050	Short-term borrowed funds with non-budgetary funds in the national currency	2-12-1210			-					-
060	Short-term borrowed funds with non-budgetary funds in foreign currency	2-12-1220			-					-
	Short-term (current) liabilities with securities	2-11-0000	-	-	-	-	-	-	-	-
070	Short-term securities in the national currency	2-11-1000			-					-
080	Short-term securities in foreign currency	2-11-2000			-					-
090	Current part of long-term budgetary borrowed funds	2-12-2000	-	-	-	-	-	-	-	-
100	Current part of long-term budgetary borrowed funds in the national currency	2-12-2100			-					-
110	Current part of long-term budgetary borrowed funds in foreign currency	2-12-2200			-					-
120	Current part of long-term non-budgetary borrowed funds	2-12-2000	-	-	-	-	-	-	-	-
130	Current part of long-term non-budgetary borrowed funds in the national currency	2-12-2100			-					-
140	Current part of long-term non-budgetary borrowed funds in foreign currency	2-12-2200			-					-
	Long-term financial liabilities		-	-	-	-	-	-	-	-
150	Long-term budgetary borrowed funds	2-22-1000	-	-	-	-	-	-	-	-
160	Long-term budgetary borrowed funds in the national currency	2-22-1100			-					-
170	Long-term budgetary borrowed funds in foreign currency	2-22-1200			-					-
180	Long-term non-budgetary borrowed funds	2-22-2000	-	-	-	-	-	-	-	-
190	Long-term non-budgetary borrowed funds in the national currency	2-22-2100			-					-
200	Long-term non-budgetary borrowed funds in foreign currency	2-22-2200			-					-
210	Long-term securities	2-21-0000	-	-	-	-	-	-	-	-
220	Long-term securities in the national currency	2-21-1000			-					-
230	Long-term securities in foreign currency	2-21-2000			-					-

Line code	Name of loan agreements	Loan interest %	Final cover date	Description of the loan
010				
020				
030				
040				

¹ Profit/loss, debt forgiveness, write-offs, difference between the exchange rates are recorded

Accounting policies:

Indicate the accounting policies used for recording short-term and long-term financial liabilities

Remark N13 creditorial debts, accounts and other liabilities										
N13a										
Line code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase		Decrease		The final balance of the reporting period
						Cash registers	Other ¹	Cash registers	Other ¹	
010	Short-term creditor debts	2-13-0000	294,370,138.19	32,433,319.74	326,803,457.93	6,939,142,165.30	60,732.28	6,838,649,266.06	650,824.77	426,706,264.68
020	Payments related to treasury operations	2-13-1000	262,480.55	897.36	263,377.91	4,156,757.65	122,181.86	4,157,655.01	122,181.86	262,480.55
030	Short-term (current) creditorial debts arising from taxes	2-13-2000	217,204.08	5,644.80	222,848.88	50,410,605.63	3,536.69	50,367,100.48	33,397.00	236,493.72
040	Creditorial debts related to employees and scholarship holders	2-13-3000	159,041,536.70	32,441,880.42	191,483,417.12	6,581,917,401.64	15,746.73	6,538,107,037.05	495,245.91	234,814,282.53
050	Liabilities arising from social assistance of gross income ²	2-13-3900	158,221,600.01	32,441,880.42	190,663,480.43	5,046,619,011.76	20,156.73	5,062,910,605.35	442,717.91	173,949,325.66
060	Short-term creditorial debts related to the provision of goods and services	2-13-4000	16,858,482.87	(15,102.84)	16,843,380.03	116,930,803.77	-	116,886,978.35	-	16,887,205.45
070	Short-term creditorial debt related to provision of non-financial assets	2-13-6000	3,049,354.68	-	3,049,354.68	20,643,795.04	(80,733.00)	20,746,543.17	-	2,865,873.55
080	Interest payable	2-13-5000	-	-	-	-	-	-	-	-
090	Other short-term (current) creditorial debts	2-13-9000	114,941,079.31	-	114,941,079.31	165,082,801.57	-	108,383,952.00	-	171,639,928.88
100	Other short-term (current) liabilities	2-15-0000	13,262,937.72	(236,039.12)	13,026,898.60	37,858,414.50	-	36,438,347.76	-	14,446,965.34
110	Short-term (current) income received in advance	2-15-1000	13,262,937.72	(236,039.12)	13,026,898.60	37,858,414.50	-	36,438,347.76	-	14,446,965.34
110	Tax revenues received as short-term (current) advances	2-15-1100			-					-
120	Non-tax revenues received as short-term (current) advances	2-15-1200	13,262,937.72	(236,039.12)	13,026,898.60	37,858,414.50	-	36,438,347.76	-	14,446,965.34
130	Short-term (current) rental income received as an advance	2-15-1210	400.10	-	400.10	-	-	-	-	400.10
140	Income from short-term (current) advances received from grants and other non-exchange operations	2-15-1220	12,233,543.54	(236,039.12)	11,997,504.42	31,187,440.60	-	30,631,521.21	-	12,553,423.81
150	Other non-tax income received as a short-term (current) advance	2-15-1230	1,028,994.08	-	1,028,994.08	6,670,973.90	-	5,806,826.55	-	1,893,141.43
160	Short-term (current) non-monetary liabilities by receiving non-financial assets	2-15-2000			-					-
170	Short-term (current) liabilities arising from assets to be issued as a result of barter operations	2-15-3000			-					-
180	Short-term (current) non-monetary liabilities related to non-exchange operations	2-15-4000			-					-
190	Liabilities with temporarily placed funds	2-16-0000	69,203.19	-	69,203.19	568.05	-	-	2,525.19	67,246.05
200	Liabilities with funds temporarily placed in the treasury	2-16-1000	69,203.19		69,203.19	568.05			2,525.19	67,246.05
210	Liabilities with funds temporarily placed in the bank	2-16-2000			-					-
220	Return reserve sub-account	2-16-3000			-					-
230	Long-term creditorial debts		36,415.82	-	36,415.82	131,147.58	-	25,694.90	-	141,868.50
240	Long-term creditorial debt related to the supply of goods and services	2-26-1000			-	5,265.70	-	5,265.70		-
250	Long-term creditorial liabilities accrued by providing non-financial assets	2-26-2000	36,415.82		36,415.82	125,881.88	-	20,429.20		141,868.50
260	Other long-term creditorial debts	2-26-5000			-					-

Reporting period										
N13 b										
Line code	Title	Total accounts	Accounts 23	Accounts 23	Accounts 23	Accounts 23	Accounts 23	Accounts 23	Accounts 23	Accounts 23
Short-term accounts										
010	Opening balance	47,308,165.28	687,194.00	46,620,971.28						
020	Increase in payments	225,131,926.82	234,333.00	224,897,593.82						
030	Decrease in payments	43,111,947.83	35,385.00	43,076,562.83						
040	Retroactive register of previous accounts	3,572,571.45	28,163.00	3,544,408.45						
050	Final balance	225,755,572.82	857,979.00	224,897,593.82	-	-	-	-	-	-
Long-term accounts										
060	Opening balance	-								
070	Increase in payments	-								
080	Decrease in payments	-								
090	Retroactive register of previous accounts	-								
100	Final balance	-		-	-	-	-	-	-	-

Table 2 ³ Indicate the name of the account. e.g. Litigation expense charges, restructuring charges, etc. Add columns if necessary. For each payment, additionally indicate the expected timing of the corresponding cash outflows.

Accounting policies:

Indicate the accounting policies used for recording short-term and long-term financial liabilities

Remark N14 Income from non-exchange operations				
N14a				
Tax revenues ¹				
Line code	Title		Turnover of the reporting period	Turnover of the previous reporting period
	Income and profit tax	4-11-0000	-	-
010	Income tax from individuals	4-11-1000		
020	Tax on profits from corporations and other enterprises	4-11-2000		
030	Property tax	4-12-0000		
040	VAT	4-13-0000		
050	Excise duty	4-14-0000		
060	Customs and import duties	4-15-0000		
070	Other tax revenues	4-16-0000		
080	Total	4-10-0000	-	-

N14 b Income from grants												
Line code	Title		Turnover of the reporting period						Turnover of the previous reporting period			
			Budgetary funds			Non-budgetary funds						
			Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	
010	Grants received in cash form	4-31-1000	46,453,062.66	1,126,341.00	47,579,403.66	-	-	-	-	43,220,545.97	1,724,308.00	44,944,853.97
020	Received from foreign governments	4-31-1100			-			-	-			-
030	Received from international organization	4-31-1200	28,677,740.66	1,126,341.00	29,804,081.66			-	-	41,824,324.33	1,724,308.00	43,548,632.33
040	Received from state entities	4-31-1300	17,775,322.00	-	17,775,322.00	-	-	-	-	1,396,221.64	-	1,396,221.64
050	Received from the state units of the same level	4-31-1310	17,775,322.00		17,775,322.00			-	-	1,396,221.64		1,396,221.64
060	Received from other level state units	4-31-1320			-			-	-			-
070	Grants received in the form of goods	4-32-1000	3,518,626.71	69,812,210.19	73,330,836.90	-	-	-	-	89,175,055.50	38,236,994.90	127,412,050.40
080	Received from foreign governments	4-32-1100			-			-	-	2,772,932.00	3,048,974.30	5,821,906.30
090	Received from the international organizations	4-32-1200	1,509,154.44	2,654,543.76	4,163,698.20			-	-	5,355,036.13	2,439,606.49	7,794,642.62
100	Received from the state entities	4-32-1300	2,009,472.27	67,157,666.43	69,167,138.70	-	-	-	-	81,047,087.37	32,748,414.11	113,795,501.48
110	Received from state units of the same level	4-32-1310	1,849,639.34	66,691,723.08	68,541,362.42			-	-	80,898,427.23	32,748,414.11	113,646,841.34
120	Received from other level state units	4-32-1320	159,832.93	465,943.35	625,776.28			-	-	148,660.14	-	148,660.14
130	Total		49,971,689.37	70,938,551.19	120,910,240.56	-	-	-	-	132,395,601.47	39,961,302.90	172,356,904.37

N14 c Income from other operations						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Revenue from sanctions, fines and penalties	4-44-0000	16,943,804.31	480.00	16,944,284.31	8,149,666.89
020	Transfers and other unclassified income	4-45-0000	68,108,817.97	2,680,847.38	70,789,665.35	76,827,848.22
050	Current transfers and other unclassified income from non-exchange operations	4-45-1000	48,506,277.84	2,589,572.98	51,095,850.82	33,265,292.58
080	Capital transfers and other unclassified income from non-exchange transactions	4-45-2000	19,602,540.13	91,274.40	19,693,814.53	43,562,555.64
090	Revenues from internal transfers	4-50-0000	7,117,759,834.17	-	7,117,759,834.17	6,361,827,250.73
100	Revenues from internal current transfers	4-52-0000	6,867,626,303.91	-	6,867,626,303.91	6,306,926,948.54
110	Income from internal capital transfers	4-51-0000	250,133,530.26	-	250,133,530.26	54,900,302.19
120	Total		7,202,812,456.45	2,681,327.38	7,205,493,783.83	6,446,804,765.84

7,117,759,834.17	-
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Table 1 1 is filled by the respective entities

Accounting policies:

- 1) Tax revenues are recognized by the ----- method
(indicate the relevante method)"

Remark N15 Income from exchange operations						
Remark N15a Income from exchange operations other than profit/(loss) on disposal of long-term assets						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Income from property		-	919,314.80	919,314.80	740,998.89
020	Interest income	4-41-1000		916,914.80	916,914.80	682,322.44
030	Income from dividends	4-41-2000		-	-	-
040	Income from rent	4-41-3000		2,400.00	2,400.00	58,676.45
050	Revenues from sales of goods and services		34,342.00	7,262,555.75	7,296,897.75	4,609,672.44
060	Revenues from sales of goods		18,861.00	887,509.13	906,370.13	447,471.10
070	Revenues from the provision of services		15,481.00	6,375,046.62	6,390,527.62	4,162,201.34
080	Transfers and other unclassified income		-	887,900.00	887,900.00	-
090	Current transfers and other unclassified income from exchange operations	4-45-1100		887,900.00	887,900.00	
100	Capital transfers and other unclassified income from exchange transactions	4-45-2100			-	
110	Total		34,342.00	9,069,770.55	9,104,112.55	5,350,671.33

Remark N15b Income received from the sale of long-term non-financial assets						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Income from the sale of long-term assets		-	-	-	-
020	Income from the sale of fixed assets				-	
030	Income from sale of investment property				-	
040	Income from the sale of intangible assets				-	
050	Income from the sale of other long-term non-financial assets				-	

Accounting policies:

Indicate the accounting policies used for accounting of income from exchange operations

Remark N16 Devaluation expenses and devaluation retroactive income					
Line code	Title	Turnover of the reporting period			Turnover of the previous reporting period
		Budgetary funds	Non-budgetary funds	Total	
Devaluation retroactive income					
010	Revenue generated by retroactive allowance for bad debts			-	
020	Revenues arising from the retroactive reduction in the value of			-	
030	Income generated by retroactive devaluation of fixed assets			-	
040	Income arising from retroactive devaluation of investment property			-	
050	Income arising from the retroactive devaluation of intangible assets			-	
060	Revenues arising from the retroactive devaluation of concessional service assets			-	
070	Income arising from the retroactive devaluation of assets received			-	
080	Income arising from reversal of impairment of other non-financial			-	
090	Income arising from retroactive devaluation of financial assets (except debitorial liabilities)			-	
100	Total devaluation retroactive incomes	-	-	-	-
Devaluation expenses					
110	Expenses of doubtful/hopeless Claims	1,094,662.68		1,094,662.68	885,269.06
120	Expenses for reducing the value of material supplies	75,253,718.99		75,253,718.99	43,728,244.57
130	Devaluation costs of fixed assets	470,276.92		470,276.92	29,077.56
140	Investment property devaluation expenses	-		-	-
150	Devaluation expenses of intangible assets	526,159.48		526,159.48	-
160	Devaluation expenses of preferred service assets	-		-	-
170	Devaluation expenses of financial leased assets	-		-	-
180	Devaluation expenses of other non-financial assets	8,271.41		8,271.41	-
190	Devaluation expenses of financial assets (except debitorial liabilities).	45,163,598.58		45,163,598.58	89,216.00
200	Total devaluation expenses	122,516,688.06	-	122,516,688.06	44,731,807.19

Accounting policies:

Indicate the accounting policies used to account for the devaluation

Remark N17 Operating expenses						
N17 a						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Staff salaries	5-10-0000	57,937,865.87	2,041,502.83	59,979,368.70	59,722,673.22
020	Costs of goods and services	5-20-0000	283,393,240.09	4,083,428.87	287,476,668.96	312,502,118.52
030	Salary of freelancers	5-20-1000	183,305,810.46	2,342,326.89	185,648,137.35	164,561,695.38
040	Lease costs		420,670.75	40,798.00	461,468.75	364,272.61
050	Business trip expenses	5-20-2000	4,075,943.61	157,690.57	4,233,634.18	3,947,210.60
060	Depreciation and amortization costs	5-40-0000	25,681,073.77	123,638.79	25,804,710.56	28,320,418.30
070	Depreciation expense	5-41-0000	23,282,306.05	121,451.79	23,403,757.84	20,756,582.10
080	Amortization expense	5-42-0000	2,398,765.72	2,187.00	2,400,952.72	3,563,841.20
090	Expenses with internal transfers	5-50-0000	49,220,636.76	19,034.28	49,239,671.04	47,390,971.24
100	Expenditures with internal capital transfers	5-51-0000	1,582,093.80	-	1,582,093.80	1,303,135.00
110	Expenditures with internal current transfers	5-52-0000	47,638,542.96	19,034.28	47,657,577.24	46,087,836.24
120	Social assistance/security	5-60-0000	6,579,230,576.06	1,105,098.33	6,580,335,674.39	5,576,025,396.64
130	Other expenses	5-70-0000	217,933,970.65	909,853.39	218,843,824.04	318,313,889.05
140	Interest expenses	5-71-0000			-	1,489.00
150	Rent expenses	5-72-0000			-	-
160	Transfers and other unclassified expenses	5-73-0000	217,933,970.65	909,853.39	218,843,824.04	318,297,386.05
170	Current transfers and other unclassified expenses	5-73-1000	55,620,445.61	909,853.39	56,530,299.00	109,997,421.80
180	Current transfers and other unclassified expenses with exchange operations	5-73-1100	19,158,849.83	204,588.71	19,363,438.54	11,465,233.69
190	Current transfers and other unclassified expenses with non-exchange operations	5-73-1200	36,461,595.78	705,264.68	37,166,860.46	98,532,188.11
200	Capital transfers and other unclassified expenses	5-73-2000	162,313,525.04	-	162,313,525.04	208,299,964.25
210	Capital transfers and other unclassified expenses with exchange operations	5-73-2100			-	31,540.13
220	Capital transfers and other unclassified expenses with non-exchange transactions	5-73-2200	162,313,525.04		162,313,525.04	208,268,424.12
230	Property-related expenses except interest	5-74-0000			-	15,014.00
240	Cost related to the sale of long-term assets	5-75-0000	-	-	-	-
250	Expense related to sale of fixed assets				-	
260	Expense related to the sale of intangible assets				-	
270	Expense related to sale of investment property				-	
280	Expense related to the sale of other long-term non-financial assets				-	
290	Total		7,213,397,361.20	8,282,556.49	7,221,679,917.69	6,329,275,471.97

(0.03)

N17 b expenses with grants											
Line code	Title		Turnover of the reporting period						Turnover of the previous reporting period		
			Budgetary funds			Non-budgetary funds					
			Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
010	In monetary form	5-31-0000	1,877,739.48	-	1,877,739.48	578,206.00	-	578,206.00	4,290,187.88	-	4,290,187.88
020	Issued to foreign state governments	5-31-1100			-			-			-
030	Issued to the international organizations	5-31-1200	1,403,785.51		1,403,785.51	8,206.00		8,206.00	1,853,505.65		1,853,505.65
040	Issued to the state units	5-31-1300	473,953.97	-	473,953.97	570,000.00	-	570,000.00	2,436,682.23	-	2,436,682.23
050	Issued to state units of the same level	5-31-1310	473,953.97		473,953.97	570,000.00		570,000.00	1,647,363.82	-	1,647,363.82
060	Issued to other level state units	5-31-1320			-			-	789,318.41	-	789,318.41
070	In commodity form	5-32-1000	4,336,039.60	1,477,357.38	5,813,396.98	410.00	-	410.00	85,182,530.85	32,747,430.90	117,929,961.75
080	Issued to foreign state governments	5-32-1100	2,661,402.25	213,586.22	2,874,988.47				767,796.89	246,200.00	1,013,996.89
090	Issued to the international organizations	5-32-1200			-			-			-
100	Issued to the state units	5-32-1300	1,674,637.35	1,263,771.16	2,938,408.51	410.00	-	410.00	84,414,733.96	32,501,230.90	116,915,964.86
110	Issued to state units of the same level	5-32-1310	1,674,265.68	241,096.16	1,915,361.84	410.00		410.00	84,405,270.21	30,253,062.40	114,658,332.61
120	Issued to other level state units	5-32-1320	371.67	1,022,675.00	1,023,046.67			-	9,463.75	2,248,168.50	2,257,632.25
130	Total		6,213,779.08	1,477,357.38	7,691,136.46	578,616.00	-	578,616.00	89,472,718.73	32,747,430.90	122,220,149.63

1,477,357.38	1,477,357.38	(0.00)
4,336,449.60	4,336,449.60	(0.00)

N17 c						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Subsidies to public corporations	5-33-0000	1,428,570.00	-	1,428,570.00	439,272.20
020	Non-financial public corporations	5-33-1000				439,272.20
030	Financial public corporations	5-33-2000	1,428,570.00		1,428,570.00	
040	Subsidies to private enterprises	5-34-0000	-	-	-	-
050	Non-financial private enterprises	5-34-1000			-	
060	Financial private enterprises	5-34-2000				
070	Subsidies to other sectors	5-35-0000	78,030.75		78,030.75	35,063.40
080	Total		1,506,600.75	-	1,506,600.75	474,335.60

Accounting policies:
Indicate the accounting policies used to record operating expenses

Remark N18 Miscellaneous income and expenses						
Line code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
Different incomes						
010	Profits from possession due to changes in foreign currency exchange rates	4-81-0000	9,089,449.82	30,874.27	9,120,324.09	27,797,480.03
020	Profit from posession resulting from the recalculation of assets in foreign currency	4-81-1000	1,104,319.02	28,236.01	1,132,555.03	2,337,938.01
030	Profit from possession as a result of recalculation of liabilities in foreign currency	4-81-2000	7,985,130.80	2,638.26	7,987,769.06	25,459,542.02
	Other profits from possession 4-82-0000		-	-	-	116,805.85
	Other profits from possession assets and liabilities 4-82-1000	4-82-1000	-		-	116,805.85
040	Profit from possession investments accounted for by the capital method		3,890,761.45		3,890,761.45	
050	Totally different incomes		12,980,211.27	30,874.27	13,011,085.54	27,914,285.88
Miscellaneous expenses						
060	Loss arising from possession due to changes in foreign currency exchange rates	5-81-0000	8,308,554.31	21,544.64	8,330,098.95	28,229,217.57
070	Loss arising from possession due to recalculation of assets in foreign currency	5-81-1000	7,934,877.05	6,622.51	7,941,499.56	2,336,934.05
080	Loss arising from possession as a result of recalculation of liabilities in foreign currency	5-81-2000	373,677.26	14,922.13	388,599.39	25,892,283.52
090	Other loss arising from the possession of assets and liabilities 5-82-1000					-
090	Loss arising from possession investments accounted for by the capital method		1,386,158.00	-	1,386,158.00	
100	Totally different expenses		9,694,712.31	21,544.64	9,716,256.95	28,229,217.57

Accounting policies:

Indicate the accounting policies used to record various revenues and expenses

Remark N19 cash from taxes ¹			
Line code	Name of tax revenues	Turnover of the reporting period	Turnover of the previous reporting period
010	Income tax from individuals		
020	Tax on profits from corporations and other enterprises		
030	Property tax		
040	VAT		
050	Excise duty		
060	Customs and import duties		
070	Other tax revenues		
080	Total	-	-

¹ It is filled by the relevant units according to the cash registers method

Remark N20 Reconciliation of net cash flow from operating activities (comparison) with surplus/(deficit) ¹						
Line code	Title	Turnover of the reporting period			Turnover of the previous report	
		Budgetary funds	Non-budgetary funds	Total	Budgetary funds	Non-budgetary funds
010	Surplus/deficit (+/-)			-		
	Non-cash movements (adjustments)					
020	Net interest accrued (-/+) ²			-		
030	Depreciation (+)			-		
040	Amortization (+)			-		
050	Devaluation/decrease of price/doubtful claims expense for the year (+)			-		
060	Miscellaneous expenses			-		
070	Increase/decrease in creditorial liabilities (+/-)			-		
080	Increase/decrease of account (+/-)			-		
090	Increase/decrease in other current liabilities (+/-)			-		
100	Income by devaluation decrease/doubtful claims retroactive expense for the year (-)			-		
110	Miscellaneous incomes (-)			-		
120	Profit/loss from sale of long-term non-financial assets (-/+)			-		
130	Profit/Loss from exit of investments (-/+)			-		
140	Increase/decrease in debitorial liabilities (-/+)			-		
150	Increase/decrease in material supplies (-/+)			-		
160	Increase/decrease in other current assets (-/+)			-		
170	Increase/decrease with other non-monetary operations (-/+)			-		
180	Interest paid (-) ³			-		
190	Earned interest and dividend (+) ⁴			-		
200	Net cash provided by operating activities			-		

¹ It is filled by the relevant entities that manage and control the funds

² The difference between accrued interest income and interest expense is reflected

³ Cash registers payment is reflected

⁴ Cash registers incomes are reflected

[illegible]

Remark 21 Reconciliation of net cash from actual funds and operating, investing and financial activities (comparison) ¹

Line code	Budget execution report		Cash flow statement			Reconciliation (comparison) of the increase (decrease) of the budget balance and net cash and their equivalents
	Title	Budget execution	Cash from operating activities	Cash from investing activities	Cash from financial activities	
Budget incomes						
010	Budget revenues					
020	Taxes	XX	XX			
030	Grants	XX	XX			
040	Other income	XX	XX			
050	Reduction of non-financial assets	XX		XX		
060	Reduction of financial assets	XX		XX		
070	Increase in liabilities	XX			XX	
080	Total budget revenues	XX				
Budget payments						
090	Salary	(XX)	(XX)			
100	Goods and services	(XX)	(XX)			
110	Percentage	(XX)	(XX)			
120	Subsidies	(XX)	(XX)			
130	Grants	(XX)	(XX)			
140	Social assistance	(XX)	(XX)			
150	Other expenses	(XX)	(XX)			
160	Increase of non-financial assets	(XX)		(XX)		
170	Increase of financial assets	(XX)		(XX)*		
180	Reduction of liabilities (debt)	(XX)			(XX)	
190	Total budget payments	(XX)				
200	Budget balance ²	XXX				XXX
210	Cash equivalents					XX
220	Total balance of budget and cash equivalents					XXX
230	Net cash flow according to the activity		XXX	XXX	XXX	
240	Net increase (decrease) in cash and cash equivalents ³		XXX			XXX

¹ It is filled only by the relevant entities that manage and control the funds

² The cash funds of the budget balance and cash equivalents in the budget execution report is equal to the net increase (decrease) in cash and cash equivalents in the cash flow statement.

³ This is equal to the increase in financial assets minus cash equivalents

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Reconciliation (comparison) of actual budget operating balance and cash flow from operating activities

Total budget (whole) balance	xxx
Increase/(decrease) in non-financial assets	xxx
Budget operating balance	xxx
Differences according to the bases (methods)	xxx
Differences by time period	xxx
Differences by units	xxx
Differences by classification	xxx
Cash funds from operating activities	xxx

Line code	Actual amount based on comparison between budget and actual amounts	Operational activity	Investment activity	Financial activity
010	Differences according to the bases (methods)			
020	Differences by time period			
030	Differences by units			
040	Differences by classification			
050	The actual amount in the statement of cash funds flows			

Remark N22 Categories administered on behalf of the State ¹			
Line code	Assets	The final balance of the reporting period	The final balance of the previous reporting period
010	Cash funds in the treasury	1,655,665.60	-
020	State budget funds in national currency	-	-
030	Funds of autonomous republics and municipalities in national currency	-	-
040	Funds of the central budget of LSIs and A(A)IPs in national currency	-	-
050	Funds of LEPLs and N(N)LE (Non-Entrepreneurial (Non-Commercial) Legal Entity) of Autonomous Republics and Municipalities in national currency	-	-
060	Other accounts in the treasury in the national currency	-	-
070	Treasury foreign exchange account	-	-
080	Cash funds equivalents	-	-
090	Funds placed by the State Treasury on term deposits up to 3 months in the national currency	-	-
100	Funds placed in the national currency on term deposits of up to 3 months by autonomous republics and municipalities	-	-
110	Funds placed in the national currency on term deposits up to 3 months by central budget LEPLs and non-entrepreneurial, non-commercial legal entities	-	-
120	Funds placed in the national currency on term deposits of up to 3 months by the budgets of autonomous republics and municipalities.	-	-
130	Current investments	-	-
140	Short term loans	-	-
150	Current part of long-term loans	-	-
160	Current part of finance lease receivables	-	-
170	Short-term (current) securities, except shares	-	-
180	Other current investments	-	-
190	Other current assets	23,818,651.00	-
200	Long-term financial assets	-	-
210	Long term loans	4,824,385.31	-
220	Investments in equity instruments	63,729,455.00	-
230	Other long-term financial assets	-	-
240	Long-term non-financial assets	8,013,695.00	-
250	Fixed assets	3,320,066.00	-
260	Investment property	-	-
270	Intangible assets	-	-
280	Preferred service assets	-	-
290	Assets received under finance leases	-	-
300	Other non-financial assets	21,644,487.91	-
310	Total assets administered on behalf of the state	127,006,405.82	-

Line code	Liabilities	The final balance of the reporting period	The final balance of the previous reporting period
010	short-term (current) liabilities	-	-
020	Short-term (current) liabilities with securities	-	-
030	Short-term (current) loans	-	-
040	Current part of long-term loans	-	-
050	Current part of payments on long-term finance lease	-	-
060	Current part of the long-term liabilities of the preferential service agreement	-	-
070	Short-term (current) creditor debts	215,282,613.43	-
080	Short-term (current) accounts	225,517,338.82	-
090	Other short-term (current) liabilities	-	-
100	Liabilities with temporarily placed funds	-	-
110	Long-term liabilities	-	-
120	Long-term liabilities with securities	-	-
130	Long term loans	-	-
140	Long-term liabilities with financial leases	-	-
150	Long-term liabilities under preferential service contracts	-	-
160	Long term payments	-	-
170	Other long-term creditor debts and non-monetary liabilities	141,868.50	-
180	Total whole liabilities administered on behalf of the state	440,941,820.75	-

Line code	Incomes	The final balance of the reporting period	The final balance of the previous reporting period
010	Tax revenues	-	-
020	Income from grants	145,950.99	-
030	other income	-	-
040	Interest income	-	-
050	Income from dividends	-	-
060	Income from rent	-	-
070	Incomes from the sale of goods and services	12,180.00	-
080	Incomes from the sale of long-term assets	-	-
090	Incomes from fines, sanctions and penalties	4,071,695.00	-
100	Incomes from external transfers not elsewhere classified	-	-
110	Incomes from internal transfers	264,715,876.00	-
120	Other operating income	1,019,667.00	-
130	Foreign exchange and other profits on possession	-	-
140	Profits from other economic flows	0	-
150	Total incomes administered on behalf of the state	269,965,368.99	-

Line code	Expenses	The final balance of the reporting period	The final balance of the previous reporting period
010	Salary costs	-	-
020	Costs of goods and services	18,574,142.00	-
030	Costs of grants and subsidies	24,444,755.70	-
040	Depreciation and amortization expenses	-	-
050	Expenses with internal transfers	-	-
060	Social assistance/security costs	6,531,684,568.74	-
070	other expenses	103,753,406.92	-
080	Interest expense	-	-
090	Rent expenses	-	-
100	Expenditures with external transfers not elsewhere classified	21,117.92	-
110	Expenses related to the property, other than interest	-	-
120	Costs related to the sale of long-term assets	-	-
130	Other operating expenses	-	-
140	Exchange rate differences and other losses arising from ownership	-	-
150	Losses arising from other economic flows	8,271.41	-
160	Total expenditure administered on behalf of the State	6,678,486,262.69	-

¹Assets held on behalf of the state, liabilities assumed, revenues received and expenses incurred are reflected

Accounting policies:

Indicate the accounting policies used to account for the administered categories

Statement of financial condition				
Line code	Articles	Report of reports plan/(sum of articles)		
Assets				
Short-term assets				
001	Cash funds and cash equivalents	1-11-1000 Cash on cass office (+) 1-11-2000 current accounts in banks (+) 1-11-3000 Cash Equivalents (+)		-
002	Current investments	1-12-1000 Credits and loans granted for a term of up to one year (+) 1-12-2000 Current part of long-term credits and loans (+) 1-12-3000 Current portion of long-term debitorial debts from financial leases (+) 1-12-4000 Short-term (current) securities, except shares (+) 1-12-9000 Other short-term (current) investments (+) 1-19-1000 Accumulated devaluation loss on short-term (current) investments (-)		-
003	Short-term (current) debitorial debts	1-13-1000 Short-term (current) debitorial debts related to treasury operations (+) 1-13-2000 Short-term (current) tax debitorial debts (+) 1-13-3000 Short-term (current) debitorial debts in the pension scheme (+) 1-13-4000 Short-term (current) debitorial debts with accrued interest (+) 1-13-5000 short-term (current) dividends receivable (+) 1-13-6000 Short-term (current) debitorial debts from sales of goods and services (+) 1-13-7000 Short-term (current) requirements to employees and accountable persons (+) 1-13-8000 Short-term (current) requirements with the exit of non-financial assets (+) 1-13-9000 Other short-term (current) requirements (+) 1-19-2000 Allowances for Doubtful Short-Term (Current) Receivables/Accumulated Impairment Losses Except 1-19-4000		-
004	Material supplies	1-14-1000 Materials and Supplies (+) 1-14-2000 work in progress (+) 1-14-3000 finished products (+) 1-14-4000 Goods held for sale (+) 1-14-5000 Military Supplies (+) 1-19-3000 Decrease in the accumulated value of tangible inventories (-)		-
005	Other short-term (current) assets	1-15-1000 Short-term (current) claims (+) with amounts paid in advance to suppliers 1-15-2000 Short-term (current) non-monetary claims with transfer of non-financial assets (+) 1-15-3000 Short-term (current) claims with assets receivable from barter operations (+) 1-15-4000 Short-term (current) non-monetary claims related to non-exchange operations (+) 1-15-5000 Short-term (current) non-monetary claims with a deficit of non-financial assets (+) 1-19-4000 Accumulated devaluation loss on prepayments and other non-cash receivables (-)		-
006	Total current assets	(Total of articles 001-005)	-	-
Long-term assets				
007	Long-term financial assets	1-21-1000 Credits and loans granted for more than one year (+) 1-21-2000 Investments in equity instruments (+) 1-21-3000 Other long-term financial assets (+) 1-21-4000 Other long-term debitorial debts and non-monetary claims (+) 1-21-5000 Accumulated devaluation loss on long-term financial assets and receivables (-)		-
008	Fixed assets	1-22-1000 Buildings, for own purposes (+) 1-22-2000 Machinery and equipment (+) 1-22-3000 Cultivated plants and animals (+) 1-28-1000 Accumulated depreciation of buildings used for own purposes (-) 1-28-2000 Accumulated Depreciation of Plant and Inventory (-) 1-28-3000 Accumulated depreciation of cultivated animals and plants (-) 1-29-1000 Accumulated devaluation loss of buildings and structures used for own purposes (-) 1-29-2000 Accumulated impairment loss on plant and equipment (-) 1-29-8000 Cultivated animals and plants impairment loss (-)		-
009	Investment property	1-23-0000 Investment property (+) 1-28-4000 Accumulated depreciation of investment property (-) 1-29-3000 Accumulated devaluation loss on investment property (-)		-
010	Intangible assets	1-24-0000 Intangible assets (+) 1-28-5000 Accumulated amortization of intangible assets (-) 1-29-4000 Accumulated devaluation loss of intangible assets (-)		-
011	Preferred service assets	1-25-0000 Preferential Service Assets (+) 1-28-6000 Accumulated Depreciation of Beneficial Service Assets (-) 1-29-5000 Accumulated devaluation loss on preferred service assets (-)		-
012	Financial leased assets	1-26-0000 Assets received under financial lease (+) 1-28-7000 Accumulated depreciation of assets under finance lease (-) 1-29-6000 Accumulated devaluation loss of assets under finance lease (-)		-
013	Other long-term non-financial assets	1-27-0000 Other non-financial assets (+) 1-28-8000 Accumulated depreciation of other non-financial assets(-) 1-29-7000 Accumulated devaluation loss on other non-financial assets (-)		-
014	Total long-term assets	(Total of articles 007-013)		-
015	Total assets	(Article 006 added article 014)		-
Liabilities				
Short-term (current) liabilities				
016	Short-term liabilities with securities	2-11-1000 Short-term (current) liabilities with securities in the national currency (+)		-

016	Short-term liabilities with securities	2-11-2000 Short-term (current) liabilities with securities in foreign currency (+)		-
017	Short-term borrowed funds	2-12-0000 short-term (current) liabilities with credits and loans (+)		-
018	Short-term creditorial debts, except for interest	2-13-1000 Payments related to treasury operations (+)		-
		2-13-2000 Short-term (current) creditorial debts arising from taxes payable (+)		
		2-13-3000 Employee-related payments and stipends (+)		
		2-13-4000 Short-term (current) creditorial debts arising from the provision of goods and services (+)		
		2-13-6000 Short-term (current) creditorial debts arising from the provision of long-term non-financial assets (+)		
		2-13-9000 Other short-term (current) creditorial debts (+)		
019	Interest payable	2-13-5000 Short-term (current) creditorial debts arising from interest payable (+)		-
020	Current accounts	2-14-0000 Short-term (current) accounts (+)		-
021	Other short-term liabilities	2-15-0000 Other short-term (current) liabilities (+)		-
022	Liabilities with temporarily placed funds	2-16-0000 Liabilities with temporarily placed funds (+)		-
023	Total current liabilities	(Total of articles 016-022)	-	-
Long-term liabilities				
024	Long-term liabilities with securities	2-21-0000 Long-term liabilities with securities (+)		-
025	Long-term borrowed funds	2-22-0000 Long-term liabilities with credits and loans (+)		-
026	Long-term creditorial debts with financial leases	2-23-0000 Long-term creditorial debts with financial leases (+)		-
027	Long-term creditorial debts defined in preferential service agreements	2-24-0000 long-term creditorial debts with preferential service contracts (+)		-
028	Long term payments	2-25-0000 Long-term accounts (+)		-
029	Long-term creditorial debts	2-26-0000 Other long-term creditorial debts and non-monetary liabilities (+)		-
030	Total long-term liabilities	(Total of articles 024-029)	-	-
031	Total liabilities	(Article 023 added article 030)		-
Net Assets/Capital				
032	Authorized capital	3-10-1100 Non-financial assets classified as capital (+)		-
		3-10-1100 Non-financial assets classified as capital (+)		
		3-10-2000 withdrawal of capital (-)		
033	Undistributed Surplus/Deficit	3-21-0000 Undistributed surplus/deficit (+/-)		-
		3-22-0000 Undistributed Surplus/Deficit Adjustments (+/-)		
		3-23-0000 Surplus/deficit (+/-) of the reporting period		
		3-24-0000 Amounts to be distributed to owners (-)		
034	Reserves	3-30-1000 Reserves resulting from revaluation of invested units (+/-)		-
		3-30-2000 Reserves arising from exchange rate difference of invested units (+/-)		
035	Total Net Assets/Capital	(Total of articles 032-034)	-	-
036	Total liabilities and net assets/capital	(Article 031 added article 035)		-

Statement of financial results				
Line code	Articles	Report of reports plan/(sum of articles)		
Revenues				
001	Tax revenues	4-11-0000 Income and profit tax (+)		-
		4-12-0000 Property Tax (+)		
		4-13-0000 Value Added Tax (+)		
		4-14-0000 excise duty (+)		
		4-15-0000 Customs and import duties (+)		
		4-16-0000 Other tax revenues (+)		
		4-17-0000 Income from other payments (+)		
002	Social contributions	4-20-0000 Income with social contributions (+)		-
003	Revenue from sanctions, fines and penalties	4-44-0000 Sanctions, fines and penalties (+)		-
004	Income from grants	4-31-1000 Current grants received in cash (+)		-
		4-31-2000 Capital grants received in cash (+)		
		4-32-1000 Current grants received in the form of goods (+)		
		4-32-2000 Capital grants received in the form of goods (+)		
005	Transfers and other unclassified income	4-45-1000 Current transfers and other unclassified income (+)		-
		4-45-2000 Capital transfers and other unclassified income (+)		
006	Revenues from internal transfers	4-51-0000 Internal capital transfers (+)		-
		4-52-0000 Internal Current Transfers (+)		
007	Income from exchange transactions, except for interest and income from the sale of long-term assets	4-41-2000 Dividends (+)		-
		4-41-3000 Income from rent (+)		
		4-42-0000 Sale of goods and services (+)		
008	Profit from the sale of long-term assets	4-43-0000 Incomes from the sale of long-term assets (+)		-
		5-76-0000 Cost of sale of long-term assets (-)		
009	Interest income	4-41-1000 percent (+)		-
010	Devaluation retroactive income	4-91-0000 Revenues arising from the recovery of doubtful/hopeless debitorial debts and advance payments (+)		-
		4-92-0000 Revenues arising from the retroactive devaluation in the value of material supplies (+)		
		4-93-0000 Income generated by retroactive devaluation of fixed assets (+)		
		4-94-0000 Income generated by retroactive devaluation investment property (+)		
		4-95-0000 Income arising from retroactive devaluation of intangible assets (+)		
		4-96-0000 Revenues arising from the retroactive devaluation of preferential service assets (+)		
		4-97-0000 Revenues arising from devaluation investment of assets within the framework of financial lease (+)		
		4-98-0000 Income generated by retroactive devulation of other non-financial assets (+)		
		4-99-0000 Revenues arising from retroactive devulation financial assets (+)		
011	Miscellaneous incomes	4-46-0000 Premiums, Enrollments and Claims Under Insurance (Other than Life Insurance) and Standard Guarantee Schemes		-
		4-81-0000 Profit from possession as a result of foreign currency exchange rate change (+)		
		4-82-0000 Profit from possession as a result of recalculation of liabilities in foreign currency (+)		
012	Total income	(Total of articles 001-011)		-
Expenses				
013	Salary	5-11-0000 Salary expenses in cash (-)		-
		5-12-0000 Salary expenses in commodity form(-)		
		5-13-0000 Social contributions of employees (-)		
014	Goods and services	5-20-0000 Costs of goods and services (-)		-
015	Grants	5-31-1000 Current grants issued in cash (-)		-
		5-31-2000 Capital grants issued in cash (-)		
		5-32-1000 Current grants issued in the form of goods (-)		
		5-32-2000 Capital grants issued in the form of goods (-)		
016	Subsidies	5-33-0000 Subsidies granted to state enterprises (-)		-
		5-34-0000 Subsidies granted to private enterprises (-)		
		5-35-0000 Subsidies issued to other sectors (-)		
017	External transfers and other operating expenses	5-72-0000 rent expenses (-)		-
		5-73-0000 Transfers and other unclassified expenses (-)		
		5-74-0000 Expenses related to property other than interest (-)		
018	Expenses with internal transfers	5-51-0000 Internal capital transfers (-)		-
		5-52-0000 Internal current Transfers (-)		
019	Depreciation and amortization expense	5-41-0000 Depreciation expense (-)		-
		5-42-0000 depreciation expense (-)		
020	Social assistance/security	5-60-0000 Social assistance/security		-
021	Loss on sale of long-term assets	4-43-0000 Income from the sale of long-term assets (+)		-
		5-76-0000 Cost of sale of long-term assets (-)		
022	Interest expenses (finance expenses)	5-71-0000 percent (-)		-

023	Devaluation expenses	5-91-0000 Costs of doubtful/hopeless debitorial debts and advance payments (-)		-
		5-92-0000 Decrease of cost of material stocks (-)		
		5-93-0000 Decrease of costs of fixed assets (-)		
		5-94-0000 Investment property devaluation expenses (-)		
		5-95-0000 Devaluation of intangible assets (-)		
		5-96-0000 Devaluation of assets within the framework of preferential services (-)		
		5-97-0000 Devaluation of assets under financial lease (-)		
		5-98-0000 Devaluation of other non-financial assets (-)		
		5-99-0000 Devaluation of financial assets (-)		
024	Miscellaneous expenses	5-75-0000 Premiums, Enrollments and Claims Under Insurance (Except Life Insurance) and Standard Guarantee Schemes		-
		5-81-0000 Loss arising from possession due to change in foreign currency exchange rate (-)		
		5-82-0000 Loss arising from possession as a result of recalculation of assets in foreign currency (-)		
025	Total expenses	(Total of articles 013-024)		-
026	Period Surplus/(Deficit)	Difference between Article 012 and article 025		-

Explanatory Notes to the 2023 Consolidated Financial Statements of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia

The financial statements have been prepared based on International Public Sector Accounting Standards (IPSAS), budget classification, and normative acts regulating accounting and reporting in force in Georgia. The accounting policy applied is in accordance with the legislation in effect. The existing accounting policy at the Ministry is applied consistently throughout the reporting period. The financial statements are primarily prepared using the accrual method, while in certain cases, as defined by the methodology, the cash method is used.

The following normative acts were taken into consideration when preparing the consolidated financial statements:

- Instruction approved by the Order N 108 of the Minister of Finance of Georgia dated May 5, 2020, "On the Accounting and Reporting of Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)";
- Instruction approved by the Order N 17 of the Minister of Finance of Georgia dated January 15, 2020, "On the Chart of Accounts for Budgetary Organizations and its Application";
- Instruction approved by the Order N 289 of the Minister of Finance of Georgia dated December 2, 2020, "On the Accounting and Reflection of Depreciation/Amortization by Budgetary Organizations in Financial Statements";
- Instruction approved by the Order N24 of the Minister of Finance of Georgia dated February 4, 2021, "On the Rules for the Preparation and Submission of Financial Statements by Budgetary Organizations";
- Instruction approved by the Order N 364 of the Minister of Finance of Georgia dated December 31, 2021, "On the Inventory of Assets and Liabilities by Budgetary Organizations and the Reflection of Inventory Results in Financial Statements Based on International Public Sector Accounting Standards (IPSAS)."

Basis for the Submission of the Consolidated Financial Statements

The consolidated financial statements fairly present the financial position, financial performance, and cash flows of the subordinated entities and do not contradict the requirements of the normative acts regulating accounting and financial reporting based on International Public Sector Accounting Standards (IPSAS). The economic events in the consolidated financial statements are primarily presented in accordance with the evaluation and recognition criteria required by IPSAS (12545), with some exceptions.

The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of

Georgia (Organizational Code 2700) is an organization funded by the state budget. The consolidated financial statements of the Ministry include information on the financial position, financial performance, changes in equity, and cash flows of the Ministry's central apparatus and its controlled entities.

During the reporting period, the financial statements include all of the following components:

- Statement of Financial Position (Balance Sheet) - Form N1;
- Statement of Financial Performance - Form N2;
- Statement of Cash Flows - Form N3;
- Statement of Changes in Equity - Form N4;
- Statement of Comparison of Budgeted and Actual Amounts - Form N5;
- Explanatory Notes.

For better understanding of the above-listed components, the financial statements are accompanied by analytical accounting information presented as annexes. The explanatory notes are provided in the form of tables and textual, financial, and non-financial information, which detail the information contained in the individual components of the financial statements. Additionally, the explanatory notes to the consolidated financial statements include information that is not presented in the components of the financial statements (off-balance sheet accounts) but is necessary for a better understanding of the financial information presented.

Date of the Financial Statements

The date of the consolidated financial statements is December 31, 2023.

Reporting Period

The reporting period for the consolidated financial statements is the calendar year from January 1, 2023, to December 31, 2023.

Reporting Currency

The consolidated financial statements are prepared in the national currency, the Georgian Lari (GEL), which is the reporting currency. Amounts are rounded to the nearest thousand.

Consolidated Economic Units

The present consolidated financial statements include the financial statements of the entities controlled by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia (LEPLs; N(N)LEs) as of December 31, 2023.

The entities under the Ministry's control are:

1. LEPL L. Sakvarelidze National Center for Disease Control and Public Health;
2. LEPL State Fund for the Protection and Assistance of (Statutory) Victims of Human Trafficking;
3. LEPL Regulation Agency for Medical and Pharmaceutical Activities;
4. LEPL Social Service Agency;
5. LEPL Emergency Situations Coordination and Urgent Assistance Center;
6. LEPL Agency for IDPs, Eco-Migrants, and Livelihood;
7. LEPL Livelihood Agency;
8. LEPL Labour Inspection Office;
9. LEPL National Health Agency;
10. LEPL State Employment Promotion Agency;
11. N(N)LE Solidarity Fund of Georgia;
12. N(N)LE Georgian Medical Holding.

Going Concern Assumption

The Ministry's consolidated financial statements are prepared on the assumption that the entities under the Ministry's control are operating units and that there are no plans for their reorganization or liquidation in the foreseeable future.

Consolidation Principles

At the state budget level, the consolidation involves the individual financial statements of entities under state control, which are funded by the state budget and controlled by the Ministry.

The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia carries out its core activities through programs and sub-programs via its central apparatus and controlled entities.

Main Activities of the Ministry:

The Ministry's responsibilities include the exercise of executive authority, specifically: the development, implementation, and coordination of state policy in the fields of labour, health, and social affairs of the population. It is also responsible for formulating and implementing state policy on the social affairs and resettlement of internally displaced persons, victims of natural disasters, and eco-migrants. Additionally, the Ministry is tasked with the "Support of Georgia's Healthcare System." Furthermore, the Ministry is involved in "Facilitating the Management of the New Coronavirus Disease (COVID-19)," which is carried out by the Implementing Unit (PIU) funded by the World Bank Emergency Response Management of COVID-19 project (WB), the European Investment Bank (EIB), and the Asian Development Bank (ADB).

Programs/Sub-programs Implementing the Ministry's Main Activities:

- Management of Programs of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs – 27 01
- Social Protection of the Population – 27 02
- Health Protection of the Population – 27 03
- Rehabilitation and Equipment of Medical Institutions – 27 04
- Program for Labour and Employment System Reforms – 27 05
- Support for Internally Displaced Persons and Migrants – 27 06

Reporting Currency

The consolidated financial statements are prepared in the national currency, the Georgian Lari, which is the reporting currency. Amounts are rounded to the nearest thousand.

Transactions in Foreign Currency

Transactions conducted in a currency other than the reporting currency are considered foreign currency transactions and are subject to the requirements of IPSAS 4 "The Effects of Changes in Foreign Exchange Rates." Monetary assets and liabilities denominated in foreign currencies, which have the essential characteristic of providing the right to receive or the obligation to deliver a fixed or determinable amount of currency units, are revalued at the official exchange rate set by the National Bank of Georgia.

Non-monetary items denominated in foreign currency, whose significant characteristic is the absence of the right to receive or the obligation to deliver a fixed or determinable amount of currency units, are valued at the official

exchange rate established by the National Bank of Georgia on the transaction date and are not subject to revaluation.

As of the reporting date, monetary items denominated in foreign currency are revalued at the official exchange rate established by the National Bank of Georgia. Non-monetary items denominated in foreign currency are not revalued.

Exchange rate differences that arise upon the settlement of monetary items or upon revaluation using an exchange rate different from the one applied during their initial recognition in the financial statements for the reporting period are recognized as foreign exchange gains or losses and are included in the calculation of financial results.

Allocation and Use of Resources

The funding sources for organizations include: the state budget (including targeted grants, third-party payments reflected in the state budget) and revenues generated from non-budgetary activities. Budgetary organizations incur expenses in accordance with legal and contractual requirements within the limits of allocations defined by current legislation. The consolidated financial statements include information on budget plans and actual performance in the form of Form 4, which is prepared in accordance with IPSAS 24 using the cash basis method.

Events After the Reporting Date

Adjusting events after the reporting date (for which evidence exists as of the reporting date) have been used to adjust the amounts recognized in the financial statements or to recognize items that were not previously recognized. Material non-adjusting events after the reporting date are disclosed in Note N1 of the financial statements under "Accounting Policies and Other Explanatory Notes."

Statement of Financial Position

The statement of financial position includes information on assets, liabilities, and net assets/equity. It provides financial data for both the reporting year and the previous year. Changes to the previous year's data are not permitted without the decision of the unit's head or the person responsible for oversight.

Assets

Assets in the statement of financial position are presented as current and non-current assets.

An asset is cash or a cash equivalent, unless its exchange or use to settle a liability is restricted for at least twelve months after the reporting period. All other assets are considered non-current assets. Cash and cash equivalents

include cash in the Treasury single account, cash held in commercial bank accounts, and cash on hand, both in the national currency and foreign currencies.

Cash equivalents are reflected as deposits with a maturity of up to three months, placed both in the Treasury single account and in commercial banks, denominated in both national and foreign currencies. Deposits in the Treasury single account, unlike bank deposits, do not accrue interest.

Cash and cash equivalents denominated in foreign currencies are revalued into the national currency at the official exchange rate set by the National Bank of Georgia as of the reporting date.

Short-term (current) receivables

Opening balance: GEL 219,109,174.90

Closing balance: GEL 290,410,515.71

Short-term receivables include short-term claims related to Treasury operations, short-term tax claims, short-term claims related to participation in the pension scheme, short-term claims related to interest and dividends, short-term claims related to the supply of goods and services, short-term claims to employees and accountable persons, short-term claims related to the disposal of non-financial assets, and other short-term claims. Furthermore, short-term claims are initially recognized at nominal value, which may be reduced by the amount of doubtful receivables as of the reporting date.

Inventories

Opening balance: GEL 167,308,274.45

Closing balance: GEL 107,086,057.27

The accounting and reporting of inventories are carried out in accordance with IPSAS 12 - "Inventories."

Inventories are initially recorded in the accounting records at cost when acquired through an exchange transaction or when they represent the output of the unit's production. In the case of non-exchange transactions, the value of inventories upon receipt from a public sector entity may be determined at the cost used by the transferring entity to value those inventories or by another amount used for valuation. In the case of receipts from other units, the fair

value of the asset is used.

The cost includes all purchase costs, conversion costs, and other costs incurred to bring the inventories to their present location and condition. Inventories include raw materials and supplies to be used in the production process, as well as goods produced or purchased by the unit for distribution to other parties free of charge or at nominal value. Accordingly, inventories consist of raw materials and supplies, work-in-progress, finished goods, goods held for sale, strategic reserves, military stocks, and other supplies. Also included are low-value items—reusable equipment, instruments, and devices—that do not meet the criteria for recognizing fixed assets under Georgian law, specifically items valued at less than GEL 500, even though they may be used for more than one year. In the financial statements, inventories are reflected at the lower of cost or current replacement value when they are intended for distribution free of charge or at nominal value or for use in the production process of goods to be distributed free of charge or at nominal value. The "FIFO" (first in, first out) method is used for valuation.

Other Short-term (current) Assets

Opening balance: GEL 162,410,220.30

Closing balance: GEL 433,369,824.95

Other short-term (current) assets include short-term receivables for prepayments made for the receipt of goods and services, as well as for the delivery of long-term non-financial assets.

Long-term Financial Assets

Opening balance: GEL 48,351,538.31

Closing balance: GEL 68,599,079.31

Long-term financial assets include long-term budget loans and investments in equity instruments denominated in foreign currency.

For initial measurement, nominal value is used, which may be reduced by impairment losses as of the reporting date. Investments in equity instruments are measured at cost unless the investments are made in controlled entities, associates, or joint ventures, in which case they are measured using the equity method.

Property, Plant, and Equipment

Opening balance: GEL 424,125,617.60

Closing balance: GEL 433,360,592.47

The accounting and reporting of property, plant, and equipment are carried out in accordance with IPSAS 17 - "Property, Plant, and Equipment." Property, plant, and equipment are initially recognized at cost when acquired through an exchange transaction or as an asset created by the entity itself, or at fair value when acquired through a non-exchange transaction. In the case of non-exchange transactions where property, plant, and equipment are received from a public sector entity, they may be measured at the cost used by the transferring entity for valuation or another value used for valuation. In other cases, the fair value of the asset is used.

The cost includes the purchase price and any direct costs necessary to bring the asset into working condition. For financial reporting purposes, subsequent measurement of property, plant, and equipment is based on the cost model, with the initial cost reduced annually by depreciation and any impairment losses (if applicable). Subsequent expenses are generally recognized as expenses in the relevant reporting period, except when such expenses increase/improve the asset's productivity or functionality. Specifically, if renewal, reconstruction, or expansion works significantly increase the production capacity, improve quality, or extend the useful life of an existing asset, these works are considered significant improvements and the related costs are added to the carrying value of the asset. Depreciation of property, plant, and equipment is calculated over their useful life, based on the cost reduced by the residual value (if any), using the straight-line method. The useful life is determined according to the minimum useful life periods established by the instruction "On the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations," approved by Order N289 of the Minister of Finance of Georgia dated December 2, 2020. Depreciation is calculated for assets not covered by the instruction based on the useful life periods of similar assets. If it is not possible to determine the useful life of a specific depreciable asset according to the instruction, the entity may develop and approve a relevant useful life period for depreciation within its accounting policy. According to the instruction, depreciation is not charged on assets intended for transfer to other units, unfinished construction, or assets for which ownership has not yet been obtained but are intended for transfer to other units. For all other assets, the entity determines whether the asset has a defined useful life or is indefinite. If the asset has a defined useful life, the useful life is determined for depreciation in accordance with the requirements of the instruction. If the asset has an indefinite useful life, no depreciation is calculated.

Intangible Assets

Opening balance: GEL 424,125,617.60

Closing balance: GEL 433,360,592.47

The accounting and reporting of intangible assets are carried out in accordance with IPSAS 31 - "Intangible Assets." Intangible assets are initially recognized at cost when acquired through an exchange transaction or when created by the entity, or at fair value when acquired through a non-exchange transaction. In the case of non-exchange transactions, when intangible assets are received from a public sector entity, they may be valued at the cost used by the transferring entity for valuation or another value used for valuation, or, in the case of receiving assets from other entities, at the fair value of the asset.

The cost of intangible assets includes:

- The purchase price, including import duties and non-refundable taxes, less any discounts and rebates;
- Directly attributable costs necessary to prepare the asset for use.

For financial reporting purposes, subsequent measurement of intangible assets is based on the cost model—initial cost reduced annually by amortization and any impairment losses (if applicable). Subsequent expenses are generally recognized as expenses in the relevant reporting period, except when such expenses increase or improve the asset's productivity and functionality. Specifically, if renewal, reconstruction, or expansion works significantly increase the production capacity, improve quality, or extend the useful life of an existing asset, these works are considered substantial improvements, and the related costs are added to the carrying value of the asset.

Amortization of intangible assets is calculated over their useful life, based on the cost reduced by the residual value (if any), using the straight-line method. This method reflects the pattern in which the future economic benefits or service potential embedded in the asset are expected to be consumed. The determination of useful life is based on the rules established by the instruction "On the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations," approved by Order N 289 of the Minister of Finance of Georgia dated December 2, 2020. In accordance with this instruction, amortization is not charged on assets that are intangible assets intended for transfer to other units, as well as assets for which ownership has not yet been obtained or are received for transfer to other units. For all other assets, the entity determines whether the asset has a definite or indefinite useful life. If the asset has a definite useful life, the useful life is determined for amortization in accordance with the requirements of the

instruction. If the asset has an indefinite useful life, no amortization is calculated.

Liabilities

Liabilities in the statement of financial position are presented as current and non-current liabilities. A liability is considered current if it meets any of the following criteria:

- Its settlement is expected during the normal operating cycle;
- It must be settled within 12 months after the reporting period.

All other liabilities not classified as current are considered non-current liabilities.

Current Payables

Opening balance: GEL 326,803,457.93

Closing balance: GEL 426,569,858.90

This category includes payables related to Treasury operations, tax payables, employee-related payables, payables related to the supply of goods and services, payables arising from the supply of non-current non-financial assets, and other current payables. Payables related to Treasury operations reflect both the short-term payables of the Treasury to budgetary organizations and the short-term payables of budgetary organizations to the Treasury for revenues received on behalf of the state or revenues that cannot be used at their own discretion. Current tax payables include short-term tax liabilities of budgetary organizations according to tax types. Short-term employee-related payables include various short-term payables to employees, including those related to wages and travel obligations within and outside the country.

Payables related to the supply of goods and services include short-term payables arising from the supply of goods and services.

Short-term payables arising from the supply of non-current non-financial assets include payables related to the supply of various non-current non-financial assets (including property, plant, equipment, intangible assets, etc.).

Other short-term payables include any other short-term payables that are not accounted for in other current payables accounts.

Current Accruals

Opening balance: GEL 47,308,165.28

Closing balance: GEL 225,755,572.82

This category reflects short-term accruals—such short-term liabilities for which the payment date and/or amount are uncertain.

Other Current Liabilities

Opening balance: GEL 13,026,898.60

Closing balance: GEL 14,446,965.34

This category includes non-monetary short-term liabilities related to advance payments received, specifically tax revenues, non-tax revenues (rent, grants, and other revenues from non-exchange transactions, and other non-tax revenues).

Current Liabilities with Deposits

Opening balance: GEL 69,203.19

Closing balance: GEL 67,246.05

This category reflects deposits placed in commercial banks or the Treasury with a maturity of up to one year (excluding deposits classified as cash equivalents with a maturity of up to one year).

Non-current Liabilities

Opening balance: GEL 36,415.82

Closing balance: GEL 141,868.50

All liabilities that do not qualify as current liabilities are considered non-current liabilities.

Net Assets/Equity

Net assets/equity represent the residual component, calculated as the difference between assets and liabilities.

Unallocated Surplus/Deficit

Opening balance: GEL 790,519,971.43

Closing balance: GEL 775,115,575.47

The unallocated surplus/deficit is calculated as the sum of unallocated surplus/deficit amounts from previous years and the unallocated surplus/deficit for the reporting period. Adjustments to capital, which affect the unallocated surplus/deficit, result from retrospective recalculations due to material errors in prior periods or from one-time revaluation of assets.

Statement of Financial Performance

The statement of financial performance reflects the revenues and expenses incurred during the reporting period, and the surplus or deficit for the reporting period is calculated.

Revenues

Revenues for the reporting period: GEL 7,376,741,628.58

Revenues include tax revenues as defined by budget classification, social contributions, sanctions, fines, penalties, grants, and external transfers that are not classified elsewhere. In addition, this category includes revenues such as internal transfers, revenues from exchange transactions, and other revenues.

Sanctions, Fines, and Penalties - GEL 16,936,454.31

This category includes revenues generated from fines, sanctions, and penalties related to contract breaches.

Grants - GEL 149,042,634.44

Revenues from grants are recognized on an accrual basis in accordance with IPSAS 23 - "Revenue from Non-exchange Transactions (Taxes and Transfers)."

The grants category includes both current and capital grants received in cash or in-kind from foreign governments, international organizations, and state entities. For consolidation purposes, grants received from state entities at the same level are eliminated.

External Transfers - GEL 70,789,665.35

Revenues from external transfers that are not classified elsewhere are recognized on an accrual basis in accordance with IPSAS 23 - "Revenue from Non-exchange Transactions (Taxes and Transfers)."

This category includes both current and capital transfers from individuals, private non-profit organizations, non-governmental funds, organizations, enterprises, and corporations, in the form of cash donations and non-cash gifts.

Revenues from Internal Transfers - GEL 7,117,759,834.17

Revenues from internal transfers include internal transfer revenues as defined by law, which are not eliminated during consolidation.

Revenues from Exchange Transactions - GEL 916,914.80

Revenues from exchange transactions are recognized on an accrual basis in accordance with IPSAS 9 - "Revenue from Exchange Transactions." Revenues from exchange transactions include profits from the sale of non-financial assets, interest income, and other revenues from exchange transactions. Interest income includes interest received from loans, financial leases, and other related assets.

Miscellaneous Revenues - GEL 13,011,085.54

This category includes revenues from sources such as rent, foreign exchange gains, gains from holding assets, and gains resulting from the reversal of doubtful receivables, impairment, and devaluation losses.

Expenses**Expenses for the reporting period: GEL 7,392,146,024.54**

Expenses include labor costs, goods and services, grants, external transfers, other expenses, subsidies, and social assistance as defined by budget classification. Additionally, this category includes internal transfers, depreciation and amortization expenses, and various other expenses.

Labor Costs - GEL 59,979,368.70

This category includes compensation for work performed by employees, in both monetary and in-kind forms. It also reflects vacation pay owed to employees.

Goods and Services - GEL 287,571,486.18

This category includes compensation for individuals employed under labor contracts, travel expenses, office expenses, representation expenses, food and medical expenses, expenses for the purchase of soft inventory and uniforms, personal hygiene-related expenses, transportation and equipment maintenance costs, military equipment and ammunition procurement costs, and other goods and services-related expenses.

Grants, External Transfers, Other Expenses, and Subsidies - GEL 256,794,427.48

This category includes monetary and in-kind grants, current and capital external transfers not classified elsewhere, rent and property-related expenses included in other expenses, and subsidies.

The grants category includes current and capital grants provided to foreign governments, international organizations, and state entities in both monetary and in-kind forms. For consolidation purposes, grants provided to state entities at the same level are eliminated.

The external transfers category includes current and capital transfers made to individuals, private non-profit organizations, non-governmental funds, etc., in both monetary and in-kind forms.

The subsidies category includes transfers made to state enterprises, private enterprises, and other sectors for current purposes, provided free of charge and non-refundable.

Internal Transfer Expenses - GEL 49,432,213.35

Internal transfer expenses include internal transfers as defined by law that are not eliminated during consolidation.

Depreciation and Amortization Expenses - GEL 25,799,909.43

Depreciation expenses include the systematic write-down of depreciable asset values over their useful lives. Amortization expenses include the systematic write-down of amortizable asset values over their useful lives.

Social Assistance/Provision Expenses - GEL 6,580,335,674.39

This category includes state expenditures on contributions to the pension scheme, employer-provided social assistance expenses, other social assistance expenses, and more.

Impairment Expenses - GEL 122,516,688.06

This category includes impairment expenses related to property, plant, and equipment, intangible assets, and inventories.

Miscellaneous Expenses - GEL 9,716,256.95

This category includes losses from foreign exchange differences and other losses incurred from holding assets.

Statement of Changes in Net Assets/Equity

The statement of changes in net assets/equity reflects the changes in net assets/equity during the reporting period.

This report includes the following information:

- The opening balance of net assets/equity;
- Increases or decreases in equity resulting from the retrospective application of accounting policies and/or the retrospective recalculation of material errors from previous period(s);
- The recalculated opening balance of net assets/equity;
- Changes in net assets/equity, including contributions from owners, the financial result for the reporting period, and payments made to owners;
- The closing balance of net assets/equity.

Opening balance: GEL 753,776,639.73

Recalculated opening balance due to adjustments: GEL 790,519,971.43

Closing balance: GEL 775,115,575.47

Statement of Comparison of Budget and Actual Amounts

To enhance accountability and transparency in the financial reporting of state entities, the statement of comparison of budget and actual amounts is prepared in accordance with IPSAS 24 - "Presentation of Budget Information in Financial Statements."

In the statement of comparison of budget and actual amounts, both the "planned" and "actual" budget data are presented using the cash basis method.

The statement is presented in a tabular format, where each category of revenues and payments is separately indicated, along with the approved annual budget, revised planned indicators, actual performance, and the percentage of actual performance compared to the plan.

The statement of comparison of budget and actual amounts is prepared solely in relation to budgetary appropriations. For the purposes of the statement of comparison of budget and actual amounts, the approved budget reflects the anticipated budget revenues and payments for the fiscal year, as authorized by the relevant competent authority. The final (revised) budget includes all authorized changes or adjustments to the funds initially allocated to the entity for the budgetary period.

2023 approved annual budget: GEL 7,108,420,000.00

2023 revised (final) budget: GEL 7,119,913,753.96

2023 payments within appropriations: GEL 7,117,759,834.17

Below are the explanatory notes to the financial statements of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia, and the entities under its state control:

Assets and liabilities arising from internal transactions between the Ministry and controlled entities have largely been eliminated from the financial statements. However, the complete elimination of operations and balances between consolidated entities has not been fully achieved due to the absence of consolidation software and the incomplete functionality of the general ledger in the Treasury's electronic system.

Explanatory Notes to the Financial Statements of the Ministry's Apparatus

Programs/Sub-programs Implemented by the Apparatus of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia:

- Policy Development and Management in the Fields of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Protection – 27 01 01
- Management of Emergency Measures in Response to COVID-19 – 27 03 03 10 01 02
- Measures to Support the Management of the COVID-19 Infection (SARS-CoV-2) – 27 03 03 10 01 03
- Accessibility to COVID-19 Vaccines – 27 03 03 10 01 05 01

- Additional Financing for the Rapid Response to COVID-19 Project (AIIB, KfW, WB) – 27 03 03 10 02
- COVID-19 Vaccine Support Project within the Asia-Pacific Vaccine Access Framework – Rapid Response Component (ADB) – 27 03 03 10 03 01
- COVID-19 Vaccine Support Project within the Asia-Pacific Vaccine Access Framework – Investment Component (ADB) – 27 03 03 10 03 02
- Equipping/Rehabilitation of Medical Facilities for the Provision of Emergency Response Measures to COVID-19 – 27 04 02
- Postgraduate Medical Education – 27 03 04
- Rehabilitation and Equipment of Medical Institutions – 27 04 01
- Support to Georgia's Healthcare System Under COVID-19 Conditions (GUMIP Reprogramming) (EIB) – 27 04 03
- Economic Participation, Housing, and Social Infrastructure for Internally Displaced Persons and Host Communities (KfW) – 27 06 06

The financial statements are prepared on the assumption of a "going concern" and are designed to meet the needs of users' economic decisions while remaining reliable. The presented information fairly reflects the organization's financial position and results of operations. The information in the forms reflects the economic substance of operations and events rather than their legal form.

The financial statements are neutral and free from subjective bias. Any deviation from the mandatory requirements of IPSAS by the Ministry may be justified by the specific nature of the Ministry's activities, the principles of the Georgian budgetary system, or regulatory legislation.

Considering the specifics of the Ministry's activities, deviations arising from economic events during the reporting period are disclosed in these explanatory notes to the financial statements, with explanations provided for the reasons for such deviations.

Main Activity:

The Ministry is responsible for the execution of executive authority, specifically the development, implementation, and coordination of state policy in the fields of labor, health, and social protection of the population. This includes developing and implementing state policy for the social protection and resettlement of internally displaced persons,

victims of natural disasters, and eco-migrants. Additionally, the Ministry supports the healthcare system of Georgia. Furthermore, it facilitates the management of the COVID-19 pandemic, through programs funded by the World Bank (WB) as part of the "COVID-19 Emergency Response Management" initiative, the European Investment Bank (EIB), and the Asian Development Bank (ADB) through the Project Implementation Unit (PIU).

Reporting Currency

The individual financial statements of the Ministry's apparatus are prepared in the national currency – Georgian Lari.

Foreign Currency Transactions

During the 2023 reporting period, as part of the "COVID-19 Emergency Response Management" programs, there were transactions conducted in a currency other than the reporting currency, which were treated as foreign currency transactions in accordance with IPSAS 4 - "The Effects of Changes in Foreign Exchange Rates." In line with this standard, monetary items denominated in foreign currency were revalued as of the reporting date using the official exchange rate set by the National Bank of Georgia, while non-monetary items were accounted for based on the exchange rate at the date of the advance.

Sources of Funding:

In accordance with the "Budget Code of Georgia," the budget is executed on a cash basis. The funding sources for the Ministry's apparatus include the state budget (including third-party payments reflected in the state budget), targeted grants, and loans. The financial statements include information on the execution of the state budget, prepared on a cash basis in accordance with applicable legislation. Expenses are incurred within the limits of commitments taken under appropriations. The financial statements also reflect expenses resulting from direct disbursements by donors. The information presented in these explanatory notes is based on the actual activities carried out.

Below are certain deviations from the standards, explanations regarding the economic operations, and information on corrections made in the financial statements.

Assets and Liabilities

Assets and liabilities are classified as current and non-current in the financial statements.

The financial statements of the Ministry's central apparatus are prepared based on International Public Sector

Accounting Standards (IPSAS), with economic events recognized using the accrual principle, as they occur, based on the provided primary accounting documents. Assets received as part of non-exchange transactions (donations) from donors (international organizations, other governments) and legal entities (goods and materials) are valued at the price determined by the supplier, representing the real value of the assets to the organization. Assets received free of charge from state entities are recognized at their book value as reflected in the primary accounting documentation.

Material Assets and Long-term Low-value Assets

Material inventories are reflected in the statement of financial position at cost, which includes all expenses related to their acquisition.

During the reporting period, the majority of movements (receipt and issuance) of inventories consisted of various types and purposes of medical first aid supplies acquired or received in relation to the COVID-19 pandemic, intended for distribution to beneficiaries and state sector entities. The turnover of such inventories was less intense and voluminous compared to the previous year.

The Ministry's apparatus uses the FIFO method to determine the cost of inventories written off.

During the reporting period, there were operations involving the free receipt and transfer of material inventories. Material inventories valued at GEL 2,072,765.76 were received as in-kind grants, including GEL 2,072,765.76 from the same-level state entities and GEL 462.00 from other state entities. In addition to receiving inventories, the Ministry's apparatus carried out operations to transfer both purchased and donated material inventories free of charge to various state entities. Material inventories valued at GEL 527,205.45 were transferred as in-kind grants to state entities. The analytical accounting of material inventories received and issued is detailed in the explanatory notes (Note N 3).

Property, Plant, and Equipment

Property, plant, and equipment are recorded as assets in the financial statements (balance sheet) – Form N1, based on the reporting period. To better understand the financial statements, analytical accounting for the acquisition and disposal of non-financial assets is reflected in the explanatory notes (Note N 6, Note N 8, Note N 11).

Assets purchased or acquired for the Ministry's own use that are recognized in the financial statements meet the

criteria for asset recognition, where it is expected that economic benefits or service potential will be received, and the value of the asset can be reliably measured. The purchased/acquired assets are used in ongoing operations. The cost of property, plant, and equipment includes any expense directly related to bringing the asset to its intended location and putting it into working condition.

Valuation Basis

The property, plant, and equipment acquired by the Ministry's apparatus meet the requirements set forth in the standards. In preparing these individual financial statements, property, plant, and equipment are recognized at their original (historical) cost, as budgetary organizations do not use the revaluation method. The Ministry's property, plant, and equipment are recognized and measured at their original value, following unified methodological rules and principles. An exception is made for the Ministry's vehicles, which, based on reliable information (auditor's report) and at the decision of management, have been subject to a one-time revaluation to determine their real (revalued) value.

In accordance with International Public Sector Accounting Standards (IPSAS), depreciation of property, plant, and equipment is calculated based on their useful life, following the principles and rules established by the instruction "On the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations" (Order N 289 of the Minister of Finance, December 2, 2020). The depreciable value of property, plant, and equipment is allocated over their useful life. It should be noted that during the reporting period, the Ministry did not complete the mandatory inventory required by legislation, which would have enabled the assessment of assets in use at their real value and the determination of their useful life.

The Ministry's apparatus records maintenance and repair expenses for property, plant, and equipment that do not increase their value as expenses. However, significant improvements that increase the quality or extend the useful life of existing assets are considered capital improvements and are recorded as an acquisition of assets under the corresponding classification. During the reporting period, under the "Rehabilitation and Equipment of Medical Institutions" state program, there were cases classified as asset acquisitions/significant improvements, especially in the case of renovation and rehabilitation work at clinics, which were reflected as "short-term receivables for prepayments for the acquisition of non-current non-financial assets" and recorded under "construction in progress" until the completion of the work.

The Ministry's apparatus, in addition to assets acquired for its own use, also purchases or acquires assets intended for transfer to beneficiaries (such as IDPs, eco-migrants) or other entities (state clinics) under contracts signed as part of state programs. Assets purchased/acquired for transfer to other entities are recorded on balance account 1-27-4200. Depreciation is not charged on assets purchased/acquired for transfer, in accordance with the requirements of the standard and the instruction approved by Order N 289 of December 2, 2020. The acquisition and transfer of these assets are reflected in the financial statements and disclosed in explanatory Note N 11.

As mentioned, when non-exchange transactions (donations) result in the acquisition of inventories and property, plant, and equipment, although the standard requires them to be valued at their real value, they are recognized at the cost determined at the time of acquisition. To save on costs related to asset appraisal/expertise, the Ministry considers it reasonable to use the cost model for the accounting of property, plant, and equipment. Specifically, unlike the requirements of the standard, the value and recognition of non-exchange acquisitions of property, plant, and equipment are based on the cost defined by the primary accounting documentation.

Intangible Assets

In accordance with IPSAS, intangible assets, like property, plant, and equipment, are recognized as assets when it is expected that they will provide economic benefits or service potential, and their value can be reliably measured. The intangible assets recognized by the Ministry's apparatus stem from purchases made in previous years, including an accounting software system that is currently in use, while other intangible assets are recorded on balance accounts until they are transferred to a controlled entity (LEPL Information Technology Agency). During the inventory process initiated in 2023, it was determined that certain intangible assets recorded on the Ministry's apparatus balance did not meet the definition or criteria of an asset (e.g., identifiability, legal rights, economic benefit, or risk control). With active involvement from the Information Technology Agency (letter ITA 4 23 01039327 dated October 3, 2023), the Ministry's apparatus impaired intangible assets that, according to the agency, were either not in use during the current period or did not meet the criteria for asset recognition based on their characteristics and useful life. The impaired intangible assets will be written off from the balance in accordance with the final decision of the inventory commission.

Financial Assets and Receivables

Financial assets and receivables are categorized as short-term and long-term financial assets and receivables. These are measured at nominal value. Fines and penalties accrued on financial assets and receivables are reflected in revenues and the corresponding asset accounts. Financial receivables primarily arise from prepayments. During the reporting period, there was a reduction in receivables from advances made in previous years, as assets were delivered, and services were rendered, reducing the amount of advances by GEL 9,782,788.55, as noted in the relevant explanatory notes (Note 3, Note 6, Note 11, Note 4). As of December 31, 2023, the Ministry's balance includes GEL 292,291,643.52 in receivables (including GEL 166,915,804.32 related to Treasury operations) and GEL 187,547,120.15 in payables (including GEL 166,812,577.31 related to Treasury operations).

In addition to receivables and payables arising during the reporting period, the Ministry's balance sheet includes claims and liabilities transferred from the balance sheets of organizations liquidated in various previous periods. A significant portion of these claims and liabilities are outdated and unidentifiable, and their review is a subject for the inventory commission. Based on the commission's decision, the outdated liabilities will be written off and recognized in the relevant accounts after assessment. It is worth noting that during the reporting period, a previously recognized fine was reduced by GEL 5,499.35 based on a court decision.

In addition to short-term liabilities, the Ministry's balance sheet records "long-term budget loans" issued under the Government of Georgia's Order #309 dated February 20, 2014. At the beginning of 2023, the total amount of loans was GEL 4,844,824. During the reporting period, the Ministry's apparatus undertook effective measures to verify and reconcile the loans with the receiving organizations. Medical institutions were notified in writing to provide information on the fulfillment of the loan agreements and repayments. As a result of these actions, two medical institutions repaid budget loans totaling GEL 9,171, which were issued by the state in 2014. Additionally, based on a recommendation from the State Audit Office, GEL 11,267 from a loan issued to "Neo Group" LLC was recovered by the National Bureau of Enforcement and recorded in the budget (Case N #18161115/s.p. 2/37496-17, dated September 29, 2020). This recovery was reflected using an adjustment account. By the end of 2023, the balance of "long-term budget loans" stood at GEL 4,824,385.31.

In the reporting period, following the recommendation of the State Audit Office, the Ministry reflected the transfer of shares under a contract signed between the LEPL National Agency of State Property and the Ministry on September 24, 2021. This contract concerned the transfer of management rights for shares in "The Scientific-Practical

Center for Infectious Pathology, AIDS, and Clinical Immunology," which were state-owned. The investment in these shares was recorded using the equity method, and this adjustment was made to correct material errors in the financial statements using the appropriate correction account for equity investments (account 1-21-2000). Based on the Government of Georgia's Order N 1955 dated October 31, 2023, and a contract signed between the LEPL National Agency of State Property and the Ministry in 2023, the investment of GEL 17,775,322 in shares of the "Sachkhere Polyclinic Union" was recorded using the equity method, reflecting the state-owned shares' management rights.

Financial Liabilities

Credit liabilities in the "Statement of Financial Position" are reflected as financial liabilities and credit obligations, and are classified as short-term and long-term liabilities.

According to the Ministry's balance sheet data, there are both previously accrued liabilities as well as current liabilities recognized during the reporting period as a result of economic operations. Additionally, liabilities transferred from liquidated organizations in previous years are also reflected in the balance sheet. A significant portion of these liabilities are outdated and unidentifiable, which will be verified during the work of the inventory commission. Based on the commission's decision, these liabilities will be written off or recognized in the corresponding accounts after assessment. Changes in financial liabilities are detailed in the explanatory notes to the financial statements (Note 13, Note 6).

Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects the cash payment data classified by budget line items. For the 2023 reporting period, the approved budget was set at GEL 115,670,000, the revised budget at GEL 95,886,717.00, and the cash expenditures amounted to GEL 62,104,955.32.

Surplus/Deficit Adjustments:

During the reporting period, corrective operations were made to the Ministry's apparatus assets, liabilities, and unallocated surplus/deficit. These adjustments were made retrospectively, affecting the opening balances for 2023. The corrections took into account the recommendations of the State Audit Office. As of January 1, 2022, the opening balances of the financial statements were adjusted (increased/decreased) by GEL 40,439,265.71. Among these adjustments, vehicles were revalued by GEL 205,747.55 during the reporting period, based on reliable information and the decision of management.

The adjustments were made to the following balance sheet accounts:

- Changes in short-term receivables (fines/penalties, other short-term receivables) increased by GEL 1,569,043.51.
- Changes in the opening balance of material inventories, decreased by GEL 280.69 based on documents from prior reporting periods.
- Changes in the opening balance of prepayments decreased by GEL 325.00 based on a document signed in 2022.
- Changes in long-term financial assets increased by GEL 39,274,318.00 for the recognition of investments in state commercial enterprises using the equity method, in line with the recommendation of the State Audit Office. Additionally, there was a decrease of GEL 11,267 related to a state loan issued in 2014.
- Changes in the opening balance of property, plant, and equipment and depreciation, increased by GEL 247,945.10. This includes a one-time revaluation of vehicles by GEL 205,747.60, based on the report of a licensed audit firm. Furthermore, there was a decrease of GEL 198,165.81 in the opening balance of depreciation.
- Changes in the value of intangible assets, reflecting an impairment correction of GEL -3,409.00.
- Adjustments in assets to be transferred to other entities, specifically residential houses transferred to beneficiaries, resulted in a reduction of GEL 438,593.44 based on a document submitted by a controlled entity.

Changes in the opening balances from the previous year's financial statements are detailed in the corresponding explanatory notes: Note 2a, Note 4, Note 5, Note 6, Note 11, and Note 13.

Explanatory Information

The explanatory notes on formats and applied accounting policies.

1. Note N 2a

During the reporting period, certain changes were made to the accounts for "current investments and short-term receivables." Specifically, as reflected in Note N2, a balance of GEL 10,606.63 was transferred from account 1-11-2120 to account 1-11-2140, "Deposits in the Treasury in national currency." Additionally, GEL 159,645,285.47 was converted from account 1-13-1270, "Other short-term receivables from budgetary organizations to the Treasury," to account 1-13-1240, "Short-term receivables from budgetary organizations to the Treasury in foreign currency," which

was recalculated according to the exchange rate established by the National Bank of Georgia as of December 31, 2023, resulting in a balance of GEL 166,812,577.31. The difference due to currency revaluation was reflected in the respective note on various revenues and expenses. During the reporting period, a targeted grant of GEL 136,721.00 was received from the United Nations High Commissioner for Refugees (UNHCR). Expenses within this grant framework amounted to GEL 96,245.17, leaving a balance of GEL 40,475.83 as of December 31, 2023, which was recorded under the account "Short-term receivables from budgetary organizations to the Treasury for targeted funding and grants in national currency." Corrective entries were made to the opening balances in the short-term receivables accounts as follows:

- Short-term receivables with accrued interest and fines were adjusted by GEL 14,083.00 in accordance with the recommendations of the 2022 financial audit report from the State Audit Office.
- Based on documents submitted in 2023, short-term receivables from the sale of goods and services were adjusted. This adjustment was made under the contract between the Ministry and LLC "TNN Group" for the lease of dining space, reflecting rent payments made in 2022.
- Other short-term receivables increased by GEL 1,420,744.92, including a return of USD 544,305.05 from UNICEF, which was part of a 2020 payment for vaccines to the COVAX fund.

2. Note N 3

During the reporting period, corrections to the opening balances of material inventory accounts were made based on the submitted documents. Additionally, economic operations were carried out involving the receipt and transfer of material inventories without compensation to and from state entities. At the beginning of 2023, following a natural disaster in Turkey, medical and first aid supplies were provided to the Turkish government as humanitarian aid, based on a decision by the Government of Georgia.

3. Note N 4

During the reporting period, receivables arising from prepayments increased due to advances made under the state program for the rehabilitation and equipment of medical institutions. The decrease in advances from the previous year corresponds to the value of assets delivered and work performed.

4. Note N 5

The change in financial assets during the reporting period was due to the return of GEL 20,438 from loans provided by the state in 2014 to ensure the continuous operation of medical institutions. Of this amount, GEL 11,267 was adjusted in the opening balance based on a 2020 report from the National Bureau of Enforcement, and GEL 9,171 was returned to the budget during the current reporting period. Additionally, changes in financial assets were made in relation to investments in equity instruments, specifically in state commercial enterprises. The opening balance was adjusted in accordance with the State Audit Office's recommendation for accounting these investments using the equity method. In line with the Georgian Government's Order #1955 dated October 31, 2023, the Ministry, through LEPL National Agency of State Property, received the state-owned shares of "Sachkhere Regional Hospital-Polyclinic Union" through a free, direct transfer, recorded in the share registry at GEL 17,775,322.

5. Note N 6

The change in property, plant, and equipment (PPE) during the reporting period was due to the acquisition of PPE both in the current and previous reporting periods, as well as the free transfer of assets between state entities. Additionally, in 2023, the opening balance of property, plant, and equipment was adjusted as a result of both a one-time revaluation based on the functionality of the assets and retrospective recalculations of material errors from previous periods.

6. Note N 8

During the reporting period, changes in intangible assets were due to the transfer of assets free of charge to a controlled entity and the impairment of assets based on information provided by that entity.

7. Note N 11

The accounts for other long-term non-financial assets reflect information on assets to be transferred to other entities under state programs, including expenses related to the rehabilitation and equipment of medical institutions, the purchase of medical equipment, devices, and inventory, as well as the accumulated cost of construction works until their full completion and transfer. This also includes information on residential houses purchased for beneficiaries. During the reporting period, changes in the opening balance were made based on information provided by a controlled entity and recommendations from the State Audit Office.

8. Note N 13

During the reporting period, changes in creditor liabilities and other obligations accounts were due to purchases made by the Ministry's apparatus during the current reporting period.

9. Note N 14

Revenue for the reporting period amounted to GEL 83,920,776.06, of which cash expenditures within the 2023 funding framework totaled GEL 62,104,955.32. Grant revenue amounted to GEL 21,614,200.04, including targeted grant revenue of GEL 136,721.00 and in-kind grant revenue from state entities totaling GEL 3,702,157.04. Additionally, GEL 17,755,322 worth of shares in "Sachkhere Regional Hospital-Polyclinic Union" were transferred free of charge by LEPL National Agency of State Property to the Ministry, with management rights over the state-owned shares, as reflected in the share registry. Revenue from fines and penalties due to contract violations amounted to GEL 201,607.70, and transfers and other unclassified revenues totaled GEL 2,554.95.

10. Note N 15

The rental income for the reporting period from services provided (under the contract between the Ministry and LLC "TNN Group") amounted to GEL 15,481.00.

11. Note N 17

Operating expenses for the reporting period totaled GEL 51,519,319.84, including:

- Wages and salaries: GEL 5,327,227.33
- Goods and services: GEL 8,369,507.92
- Internal transfer expenses: GEL 2,095,858.41, which includes amounts directed to the budget
- External transfer expenses: GEL 3,916,073.32
- Returned funds from grants: GEL 278,390
- International membership fees: GEL 307,558.91

12. Note N 18

During the reporting period, foreign currency revaluations of asset and liability balances, as well as income from assets received through purchases, amounted to GEL 7,175,771.8, while exchange rate differences resulted in expenses of GEL 7,215,100.50. Profit from investments accounted for using the equity method amounted to GEL 3,822,309.00, while the loss was GEL 1,386,158.00.

13. Note N 22

This note reflects the assets held by the state at the end of the reporting period under state programs. These include:

- Loans issued by the state for the operation of medical institutions: GEL 4,824,385.31
- Shares accounted for using the equity method in other entities: GEL 63,729,455.00
- Assets to be transferred to other entities: GEL 20,396,986.33

Liabilities include long-term obligations related to construction and rehabilitation works for medical institutions: GEL 141,868.50, and expenses related to grants in kind (goods): GEL 24,444,755.70.

Surplus/Deficit for the Reporting Period

Taking into account all the above information and operations, the cumulative positive balance of the unallocated surplus/deficit for the reporting period amounted to GEL 225,093,008.10.

Off-balance sheet accounts

Assets received under custodial responsibility – GEL 4,311,308.31: Includes computer equipment worth GEL 3,308.31 temporarily received by the Ministry's apparatus from a subordinate entity, as well as medical equipment worth GEL 4,308,000.00 received and stored from the supplier. This equipment is being held in storage until the necessary medical facilities are prepared and the assets are inspected prior to being put into operation.

Material inventories written off to expenses in operation – GEL 3,890,291.33: Includes low-value assets written off to expenses during the reporting period as they were put into operation.

Contingent assets – GEL 8,360,690.04: This includes penalties/fines totaling GEL 8,345,360.04 imposed on suppliers for breach of contract, and GEL 15,330.00 related to funds that must be returned due to breaches in the funding conditions under the postgraduate medical education program.

Amortized fixed assets – GEL 19,927,420.71: Includes fixed and intangible assets that have been amortized through depreciation/amortization charges. These will be reviewed during the mandatory inventory process by the commission.

Explanatory notes to the 2023 annual financial statements of LEPL L. Sakvarelidze National Center for Disease Control and Public Health

These explanatory notes aim to provide additional information about the activities, asset management, resource allocation, and other operational results of the LEPL L. Sakvarelidze National Center for Disease Control and Public Health.

The financial statements are prepared in accordance with IPSAS, as well as the regulatory normative acts of Georgia related to accounting and reporting. The accounting policies approved by the Center's General Director under order #NCDC 7 23 00000109, which comply with applicable laws, have been applied. The Center is a state-funded organization that manages state programs, targeted grants, and engages in commercial activities. Due to the Center's specific nature, two independent financial statements are consolidated, as global projects are managed by a separately hired independent team, including financial staff.

The financial statement of the Center as of December 31, 2023, includes the following state programs:

27 01 03 Management of the Disease Control and Epidemiological Safety Program

27 03 02 01 Early Detection and Screening of Diseases

27 03 02 02 01 Immunization

27 03 02 02 02 Immunization (Administration of COVID-19 Vaccination)

27 03 02 03 Epidemic Surveillance

27 03 02 04 Safe Blood

27 03 02 05 Support for Obligations in Public Health, Environmental, and Occupational Diseases

27 03 02 06 02 Tuberculosis Management

27 03 02 07 02 HIV/AIDS

27 03 02 08 02 Maternal and Child Health

27 03 02 10 Health Promotion

27 03 02 11 02 Hepatitis C Management

27 03 03 10 01 03 Activities by the Center to Support the Management of COVID-19 (SARS-CoV-2)

27 03 02 06 03 Universal Access to Quality Tuberculosis Diagnosis and Treatment

27 03 02 07 03 Support for HIV/AIDS Response in Georgia, Improving the Lifespan of HIV/AIDS Patients Through

Strengthening Treatment and Care Measures

Throughout 2023, the Center's funding sources included state budget financing, targeted grants, and commercial activities.

In accordance with IPSAS 3 - "Accounting Policies, Changes in Accounting Estimates, and Errors," the Center's 2023 financial statement underwent adjustments to the opening balances, specifically:

In the financial statement form "Changes in Net Assets/Capital," corrections were made due to other changes in capital.

Returned inventories (vaccines and consumables) that had been provided to provider institutions in 2022 and returned in 2023 were recognized as income, amounting to GEL 15,101.

At the beginning of the year, the UNICEF receivables balance amounted to GEL 4,944,561, which was corrected by GEL 986,591. This amount represents improperly recorded inventory received in 2022. Additionally, within the framework of the memorandum with UNICEF, an inventory count was conducted starting from 2013 (based on original documents of transferred funds, received vaccines, and consumables). The expenses related to the received inventory (transportation, insurance, buffer, etc.) amounted to a total of GEL 502,846, reducing the previous period's debt.

The State Programs Department provided acceptance and delivery acts for services rendered by providers in 2022, which were not included in the 2022 financial statement as creditor liabilities or expected accruals.

As of January 1, 2024, the balance of the Center's own funds amounted to GEL 1,880,035, of which the balance in TBC Bank was GEL 1,876,695, and the balance in the Ministry of Finance's Treasury was GEL 3,340.

Description of non-financial assets:

During the reporting period, the Center received non-financial assets valued at GEL 400,716 free of charge. These assets are reflected in the appropriate balance sheet form with the donor's name, book value, and corresponding accounting entries.

In 2023, the Center disbursed a total of GEL 783,852 for non-financial assets, which included an apparatus (GEL 64,720), a targeted grant (GEL 678,031), the state program for early disease detection and screening (GEL 9,507), and cash expenses from own revenues (GEL 31,594).

Accordingly, GEL 783,852 is recognized as income in financial statement notes #3 and #6, while GEL 11,653 is the amount capitalized.

Inventory description:

During the reporting period, the Center received inventory worth GEL 657,989, which is also presented in the appropriate balance sheet form, including the donor's name, values, and corresponding accounting entries.

During 2023, the Center experienced a devaluation of inventory worth GEL 68,129,281 due to expiration, including vaccines, test systems, and other consumables. Of this amount, GEL 2,803,153 worth of inventory was written off and destroyed, while the remaining GEL 65,326,429 is recorded in the inventory management module. As for the accounting entries, they have been transferred to reference accounts to undergo the necessary legal procedures.

Fixed Capital:

Depreciation on fixed capital was accrued at the end of the reporting period of 2023 in accordance with the instruction "On the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations," approved by the Order of the Minister of Finance of Georgia (N 289) on December 2, 2020. The total depreciation amounted to GEL 5,100,554, of which depreciation on assets accounted for GEL 5,077,039, and amortization of intangible assets accounted for GEL 23,515.

During the reporting period, following the previous year's inventory audit and evaluations by specialists, a list of deteriorated and unusable assets for the Center was compiled with the involvement of the Center's Technical Support Department and assistance from the State Agency for Information Technology. These assets were subsequently devalued, removed from the balance sheet, and transferred to reference accounts for further disposal by the Property Management Agency, as per the General Director's order.

Additionally, during the 2023 inventory process, evaluations were conducted on intangible assets held by the Center.

These evaluations, performed by specialists from the State Agency for Information Technology as well as Center employees who directly use these intangible assets, determined the expected useful life. Based on the evaluations, appropriate accounting entries were made.

Since 2023, the Center has transitioned to the new version 7 of the ORIS accounting software, where both fixed and intangible assets are recorded at historical cost, which led to changes in the financial reporting formats and re-evaluations.

Accounts Receivable:

At the end of the reporting period, the total accounts receivable amounted to GEL 5,548,586, consisting of the following major suppliers:

- GEL 3,344,144 – From the state immunization program, for ensuring the vaccination process of the Georgian population. In accordance with the regulatory norms of the Law of Georgia on the State Budget (Chapter VIII, Article 30), the Center utilizes the mechanism of the United Nations Children's Fund (UNICEF) to supply vaccines and consumables, with pre-paid advances based on initial invoices.
- GEL 2,434,776 – From the state tuberculosis and HIV/AIDS programs, for the procurement of first-line medications from international suppliers (IDA Foundation Sticking), paid in advance.
- GEL 192,547 – From the targeted grants acquired by the Center, as per the resolutions of the Government of Georgia, advanced payments to co-implementing organizations. A total of GEL 343,370 was transferred to co-implementing public legal entities in 2023 (detailed in the appendix), with the Center gradually receiving work completion documentation based on which the accounts receivable are reduced.
- GEL 84,137 – Based on a decree from the Government of Georgia, related to work performed by the Center within its own revenue sources.
- GEL 1,186,487 – For damages imposed on healthcare service providers for the return of funds to the state budget due to the misuse or overspending of test systems within the state coronavirus testing program, and penalty sanctions imposed due to non-compliance with state procurement contracts and penalties imposed by the Regulatory Agency for Medical and Pharmaceutical Activities.

Throughout the year, GEL 294,316 in penalties was paid into the budget. As for the remaining unpaid penalties, the issue has been raised with the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health,

and Social Affairs of Georgia, and has been forwarded to the Regulatory Agency for Medical and Pharmaceutical Activities for further actions in accordance with the law.

In 2023, the Center deposited GEL 16,191 into the state budget, which represents the proceeds from the sale of hospital forms.

In 2023, the Center also deposited GEL 1,022,896 into the state budget, which included unused funds advanced by UNICEF under VMICI, as well as returns from purchases of first-line medications and refunds from foreign suppliers for unused amounts.

As of December 31, 2023, the balance of the Center's targeted grants in the state treasury in national currency was GEL 1,680,789. A similar balance is reflected in the ORIS accounting system; however, in the Center's targeted grant register under organizational code 27 01 03, the balance as of December 31 was GEL 1,536,193. The discrepancy of GEL 144,597 represents expired grant balances in the treasury account: #2521—GEL 2863.55, grant #2900—GEL 31,826, grant #2937 - GEL 29,078.78, and grant #2939 - GEL 80,525. Letters of identification have been sent from the Center to the Ministry of Finance's Treasury Service for further clarification, and expenditures are planned to start in 2024.

In 2023, based on the decision of the inventory commission established by the General Director's order, a salary liability of GEL 82,550 to employees was written off, as well as penalties imposed on suppliers due to statute limitations, and an advance payment of profit tax made in 2015 amounting to GEL 16,6217 was also written off.

Credit Liabilities:

The total amount of credit liabilities is GEL 6,736,188, classified as follows:

- Employee salary liabilities of GEL 109,828 were incurred within the framework of a targeted grant for unpaid travel allowances and salaries for December 2023 (expected to be received from the donor), as well as liabilities from self-generated revenue. These liabilities have been cleared as of the current date.
- Pending work obligations for donors under targeted grants: GEL 4,720,707.
- Work completed in 2023 by healthcare providers participating in state programs under the voucher system, divided into amounts confirmed by acceptance-delivery acts totaling GEL 1,047,674 (funded in 2024) and GEL 857,979 as expected accruals.

Since the Center adopted the accrual method for targeted grants in 2021, the balance of remaining funds and liabilities for advance payments did not match by the end of 2023. As a result, the foreign currency balance in the treasury accounts as of the end of 2023 was re-evaluated using the National Bank of Georgia's exchange rate, and donor organizations' funds were adjusted accordingly by GEL 809,360.

Comparison of budget and actual amounts

In comparison to the budget and actual amounts, during the 12-month period of 2023, the Center incurred total cash expenses of GEL 81,003,294 through state programs, targeted grants, and its own revenues. This included an administrative budget of GEL 12,186,004 and total state program expenses amounting to GEL 54,291,273 (including Global Fund incentives, reflected in Financial Reporting Form #22), targeted grant expenses of GEL 14,705,726, and cash expenses of GEL 2,248,253 from the Center's own revenues. However, this data has not yet been fully reflected in the reporting forms.

The balances presented in Financial Reporting Form 22 include the following categories:

- Inventory balance on the Center's balance sheet from state programs as of December 31, 2023: GEL 23,818,651.
- Asset balance: GEL 3,320,066.
- Credit liabilities amount to GEL 713,714, while accruals total GEL 857,979.
- A reimbursement of GEL 253,431 was made to the state budget for the overuse of test systems by provider facilities under state programs, and an additional amount of GEL 1,019,667 was returned to the state budget from foreign suppliers for advance payments made in previous years.

The total cash expenditure under the state programs for goods and services amounts to GEL 18,051,882, with social assistance/provision expenses (vaccination visits) totaling GEL 336,328, and the total cost of vaccines and other consumable materials for public vaccination stands at GEL 35,893,556.

Activities funded by the Global Fund

Note N6 - Fixed Assets / Note N8 - Intangible Assets / Note N11 - Other Long-Term Non-Financial Assets

As of the end of the reporting period, the book value of fixed assets amounts to GEL 4,556,371. The value acquired during the reporting period totals GEL 7,790, which represents the reclassification of items from the inventory account to the balance sheet. The accumulated depreciation has been recalculated by GEL 2,873 during the reporting period.

At the end of the reporting period, the book value of intangible assets amounts to GEL 736,056. No additional intangible assets were acquired during the reporting period, but accumulated amortization was recalculated by GEL 6,205, and the initial value of intangible assets increased by GEL 256 due to the reclassification of computer software from minor assets.

At the end of the reporting period, the book value of long-term non-financial assets amounts to GEL 165,349. This includes equipment purchased during the reporting period that has not yet been put into working condition.

In 2023, payments for non-financial assets totaled GEL 613,865, while the assets received amounted to GEL 165,349. The difference of GEL 448,515 is due to short-term credit liabilities related to the delivery of non-financial assets (payment of previous period liabilities - GEL 448,515).

Note N3 - Inventory:

In 2023, the Center received inventory totaling GEL 3,444,227, while the value of outgoing inventory was GEL 5,804,497. During the current period, the Center recognized a devaluation reserve of GEL 7,120. The value of written-off and destroyed inventory amounted to GEL 1,432 during the reporting period, which reduced the accumulated devaluation reserve. Additionally, the value of inventory from the previous reporting period was recalculated by GEL 7,411, including GEL 2,568 reclassified from minor assets to intangible assets, and the value of inventory was reduced by GEL 4,843.

Report on Changes in Net Assets/Capital:

During the current period, the initial balance of retained surplus/deficit was recalculated by GEL 27,964 due to the following operations: the cost of inventory usage from the previous period increased by GEL 4,843, previous period adjustments to depreciation and amortization costs amounted to GEL 2,873 and GEL 6,205, respectively, the initial

balance of refundable VAT was clarified by GEL 12, and the revenue from grants received in advance from donors in the previous period was corrected by GEL 14,031.

Note N 2a - Current Investments and Short-Term Receivables / Note #4 Other Short-Term (Current) Assets:

At the end of the reporting period, short-term receivables amounted to GEL 5,069,762, of which:

- a) Short-term receivables from the treasury amounted to GEL 4,820,584, which include funds under targeted grants, both in national and foreign currency (USD).
- b) Short-term tax receivables for value-added tax (VAT) amounted to GEL 198,401, which includes VAT refunds for goods/services purchased under targeted grants.
- c) Receivables related to penalties amounted to GEL 50,778, which includes penalties imposed for the improper execution of procurement contracts.

At the end of the reporting period, the value of advances paid for goods and services amounted to GEL 871,692. A recalculation of the previous reporting period's balance was made, totaling GEL 10,435. This amount was reclassified as another short-term receivable and was settled during the period. This reclassification does not affect the final balance.

Note N 13 - Accounts Payable, Accruals, and Other Liabilities

At the end of the reporting period, short-term liabilities amounted to GEL 7,617,559, including:

- a) Short-term accounts payable of GEL 875,555.
- b) Other short-term liabilities of GEL 6,742,005 from grants received in advance from donors. During the reporting period, an adjustment of the opening balance was made by GEL 14,031, and the total was determined to be GEL 4,962,545.

Note N 14 - Revenue from Non-Exchange Transactions

The targeted grant funded by the Global Fund is considered a conditional grant. The fulfillment of the conditions requires the implementation of activities in accordance with the approved grant budget (service procurement/purchase of goods) and the validation of these expenses by the donor. During the reporting period, income received from international organizations amounted to GEL 12,422,072, representing the 2023 cash expenses, adjusted for advances and liabilities at the beginning and end of the period, as well as the amount of refundable VAT, which is not considered an expense since it is a recoverable tax.

The current period's transfers and other unclassified income from non-exchange transactions amounted to GEL 48,165, representing penalties imposed for the improper execution of procurement contracts.

Reference Item:

Within the framework of grant agreements and approved budgets, long-term assets and consumables purchased by the Center for transfer to other organizations are recorded in reference accounts. In accordance with donor regulations and guidelines, ownership of these assets is transferred to the service-providing organizations that implement the program activities during the grant period. These organizations are responsible for accounting, maintenance, and operational costs related to the assets. The Center maintains a consolidated asset register and submits reports to the donor for accountability purposes.

As of December 31, 2023, the residual value of long-term assets transferred to service-providing organizations amounted to GEL 6,136,861, and the remaining stock of pharmaceuticals and consumables amounted to GEL 3,161,177.

Explanatory Notes on LEPL Agency for IDPs, Eco-migrants, and Livelihood Financial Statements

The financial statements have been prepared in accordance with normative acts regulating accounting and financial reporting in Georgia, primarily based on the following acts: the "Instruction on Preparing and Submitting Financial Reports for Budgetary Organizations" as per the Order of the Minister of Finance of Georgia N24, dated February 4, 2021; the "Instruction on Financial Accounting and Reporting for Budgetary Organizations Based on the International Public Sector Accounting Standards (IPSAS)" as per the Order of the Minister of Finance of Georgia N108, dated May 5, 2020; the "Instruction on the Chart of Accounts for Budgetary Organizations and its Application" as per the Order of the Minister of Finance of Georgia N17, dated June 15, 2020; the "Instruction on Depreciation/Amortization Accounting and Reporting for Budgetary Organizations" as per the Order of the Minister of Finance of Georgia N 289, dated December 2, 2020.

As of January 1, 2023, the agency's balance sheet reflected non-budgetary (own) funds totaling GEL 174,600.00, which were transferred from LLC "Georgian Manganese" (ID 230085797) to provide compensation to individuals affected by an anthropogenic disaster in the Chiatura Municipality. During the reporting period, an additional GEL 352,400.00 was transferred, and according to the Government of Georgia's Orders #121 (January 20, 2023) and #1207

(June 23, 2023), GEL 489,100.00 was allocated to designated individuals, leaving GEL 37,900.00 unspent. This unspent amount pertains to the family of _____ who were not provided with compensation since a residential house had already been purchased for them in Chiatura at 29 Chavchavadze St., plot #38.10.16.020.01.025, as per Contract #270602/02/49, dated April 23, 2021, and the Acceptance and Transfer Act #270602/02/49-01, dated April 29, 2021. Therefore, out of the GEL 352,400.00 transferred by LLC "Georgian Manganese" (ID 230085797), the unspent compensation amount of GEL 37,900.00 allocated for the Makhatadze family is subject to return to the organization.

To implement measures under the grant agreement signed between the United Nations High Commissioner for Refugees (UNHCR) and the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, the agency received GEL 80,585.00, of which GEL 75,784.69 was utilized, leaving a balance of GEL 4,800.31 at year-end.

As of January 1, 2023, the agency's balance sheet also reflected an unspent portion of a grant transferred by LLC "German Society for International Cooperation (GIZ)" under the program "Promoting Economic and Social Inclusion of Vulnerable Internally Displaced Persons and Local Populations in the Caucasus" in the amount of GEL 12,989.14. Of this, GEL 6,944.00 was spent, and GEL 6,045.14 was returned to the grant-giving organization.

As of January 1, 2023, the agency's balance reflected non-residential buildings valued at GEL 671,100. During the reporting period, a non-residential building with an initial balance value of GEL 80,081 was transferred to the LEPL Social Services Agency. As of January 1, 2024, the value of the "non-residential buildings" is GEL 591,019.

As of January 1, 2023, the agency's balance reflected transportation equipment valued at GEL 1,704,702.19. During the reporting period, the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia transferred one vehicle to the agency, valued at GEL 81,939.70, and a louver for a Ford Ranger valued at GEL 2,550 was received from "World Vision International." These assets were recognized as revenue from capital grants in the form of goods. Additionally, the agency purchased two vehicles for a total of GEL 69,948.00. The agency also transferred one vehicle valued at GEL 82,206.45 to the ministry and three vehicles valued at GEL 144,922.00 to the LEPL National Agency of State Property. Furthermore, based on the conclusion of the LEPL Levan Samkharauli National Forensics Bureau, the value of 29 vehicles increased by GEL 216,095.06 after revaluation, while the value of three vehicles decreased by GEL 15,658.40 after revaluation. As of January 11, 2023, the agency's balance

sheet shows transportation equipment valued at GEL 1,832,445.10.

As of January 1, 2023, the agency's balance reflected other machinery and equipment valued at GEL 626,627.43. During the reporting period, the agency received machinery and equipment valued at GEL 106,289.21 from the foundation "Abkhazinterkonti" (under the UNDP project "EU4Dialogue"), "World Vision International," and the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia. These were recognized as revenue from capital grants in the form of goods. Additionally, the agency purchased machinery and equipment for GEL 18,391.00. The agency also transferred machinery and equipment valued at GEL 3,098.51 to the LEPL National Agency of State Property, and fully depreciated assets worth GEL 71,189.81 were recorded in the relevant off-balance sheet account. As of January 1, 2024, the agency's balance reflects other machinery and equipment valued at GEL 677,001.932.

As of January 1, 2023, the agency's balance reflected residential properties (including unfinished constructions) valued at GEL 52,938,007.88. These properties were acquired for internally displaced persons (IDPs) and, based on their intended use, are classified as "assets whose ownership rights have not yet been acquired or are intended for transfer to other entities" and are therefore not subject to depreciation. During the reporting period, GEL 491,745.71 was spent on residential properties, and GEL 1,131,018.87 was transferred for the construction of multi-apartment residential buildings for 720 displaced families on a land plot located north of IL Lane #15, Nikea District, Kutaisi (Cadastral Code 03.05.23.753). Additionally, the LEPL Municipal Development Fund of Georgia transferred residential properties valued at GEL 20,495,917.09 (two 16-storey buildings for long-term settlement of IDPs on Shervashini Street, Kutaisi), while the Danish Refugee Council transferred 14 completed residential houses in the village of Dzevera, Gori Municipality, valued at GEL 1,320,214.96, and unfinished houses valued at GEL 197,471.71. Residential properties valued at GEL 26,099,239.55 were transferred to the ownership of IDPs.

As of January 1, 2023, the agency's balance reflected material inventories valued at GEL 385,477.68. During the reporting period, the agency received GEL 18,905.46 worth of inventory and supplies from the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia, LEPL Information Technology Agency, the foundation "Abkhazinterkonti" (as part of the UNDP project "EU4Dialogue"), and "World Vision International." Additionally, companies such as "Bermukha" and "Buildkings" carried out roofing rehabilitation work on IDP residential buildings, during which the dismantled tin roofing material was stored and, based on the report from the LEPL Levan Samkharauli National Forensics Bureau, its estimated value based on weight was set at

GEL 36,632.50. Furthermore, the agency purchased material inventories worth GEL 347,908.12, and the total outflow amounted to GEL 286,831.46. As of January 1, 2024, the agency's balance reflected material inventories valued at GEL 502,092.30.

Regarding the litigation involving GEL 7,972,021.20, which was transferred in advance based on bank guarantees, the court case with the insurance company "Ardi Insurance" was concluded. The LEPL National Bureau of Enforcement collected GEL 7,972,021.20 from "Ardi Insurance" and returned it to the state budget, along with GEL 391,800.00 as the bank guarantee for contract fulfillment. In addition, GEL 2,641,741.30, which represents penalties and late fees imposed on "G.D. Group" for breaching the contract, has been referred to the Tbilisi Enforcement Bureau for execution. The bureau has started selling the debtor's assets through public auctions, and GEL 854,111.14 has been transferred to the state budget.

As of January 1, 2023, the agency's balance reflected GEL 18,837,516.51 in non-financial asset growth, which included GEL 7,972,021.20 that was returned to the state budget, while GEL 375,263 was recognized as an asset. The GEL 10,490,232.31 that was transferred to "Davide" remains an advance, with periodic extensions of the bank guarantee. In addition, GEL 192,386,497.42 was transferred as an advance for the construction of multi-apartment residential buildings for the long-term settlement of IDPs. These constructions are being built on land plots in Tbilisi (Cadastral Code 01.19.19.009.037), Zugdidi (Cadastral Code 43.31.62.746), Kutaisi (Cadastral Code 03.05.23.753), Rustavi (Cadastral Code 02.02.02.909), and Borjomi (Cadastral Code 64.23.10.069).

Additionally, a service expense of GEL 99,625.34, incurred outside the budget year, was recognized as a creditor liability, with the amount transferred in the following period.

A contingent liability of GEL 4,057,477.37 has been recognized, which was imposed on the companies "Davide" and "Georgian Development" due to contract violations.

Assets administered on behalf of the state are valued at GEL 1,247,501.58, liabilities are GEL 58,847.44, revenues amount to GEL 264,715,876.00, and the expenses are broken down as follows:

- "Goods and Services" – GEL 397,400.47, including GEL 343,000.00 for expert services to determine the stability and market value of residential houses to be purchased for families affected by natural disasters and relocations; GEL 38,388.47 for expert services for project-cost documentation for rehabilitation work on housing for internally displaced persons (IDPs); and GEL 16,012.00 for administrative expenses related to the

management of IDPs' legal residential property.

- "Social Assistance" – GEL 2,845,744.00, including GEL 168,650.00 for rental support for families affected by natural disasters and relocations (including those affected by the natural disaster on September 8, 2023, in the municipalities of Lanchkhuti and Ozurgeti); and GEL 2,677,094.00 for rental support and financial assistance for IDP families.
- "Other Expenses" – GEL 67,838,733.00, including GEL 475,715.00 for the socio-economic reintegration of returning migrants in Georgia; GEL 19,183,733.00 for providing residential houses and compensation for families affected by natural disasters and relocations (including those affected by the natural disaster on September 8, 2023, in Lanchkhuti and Ozurgeti municipalities); GEL 47,308,686.00 in co-financed rehabilitation work with the Tbilisi City Hall and various municipalities (condominiums) for purchasing residential houses for IDPs, and roof repair work on IDP housing facilities; GEL 10,212.00 for the integration of people living in Georgia with international protection and refugee status; and GEL 860,387.00 for the purchase of items for beneficiaries involved in livelihood programs.

Explanatory Notes on the financial statements of LEPL Information Technology Agency

LEPL Information Technology Agency's financial statement for 2023 is part of the subprogram "Development and Management of Information Technology Systems" (Program Code: 27 01 10).

Funding sources for the LEPL Information Technology Agency include:

- The State Budget
- Targeted Grants
- Own Funds

Report on Changes in Net Assets/Capital

Taking into account the recommendations of the State Audit Office, the retrospective recalculation of material errors from previous periods has been made. The change was caused by the receipt of a fixed asset from the previous period, depreciation charged on it, and the correction of warranty service and the related cost for one month. The fixed asset should be accounted for at its 2022 balance sheet value of GEL 1,106,026, the current period expense is GEL 22,859, and the debtor liability arising from the warranty service is GEL 143,944. This includes GEL 49,352 in short-term (current) debtor liabilities and GEL 94,591 in "other long-term debtor liabilities" and "non-monetary claims."

Note N 2

Represents other accounts in the treasury in national currency, consisting of income from own funds that could not be spent in 2023.

Note N 2a

Represents short-term receivables and demands in national currency, consisting of income from own funds that was not received in 2023. Other short-term (current) receivables include the value of one year of warranty service.

Note N 4

During the reporting period, an advance payment was made for the acquisition of non-financial assets using non-budgetary funds (advance). Two data storage arrays were purchased, valued at GEL 505,000 (five hundred and five thousand).

Note N 5

Represents the balance of "other long-term receivables and non-monetary claims" arising from warranty service, amounting to GEL 45,239.

Note N 6

During the reporting period, 626 printers with a total value of GEL 657,300 (six hundred and fifty-seven thousand three hundred) were transferred from balance to balance, free of charge, for an indefinite period, to the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia and its subordinated public law legal entities. Additionally, cooling systems, uninterrupted power sources, and various spare components were received from the Ministry, with a total value of GEL 1,025,964.76 (one million twenty-five thousand nine hundred sixty-four lari and 76 tetri).

Note N 8

During the reporting period, an DRG logic group license with a residual balance value of GEL 334,337.14 (three hundred thirty-four thousand three hundred thirty-seven Lari and 14 Tetri) was transferred from the Ministry of Internally Displaced Persons, Labour, Health, and Social Affairs of Georgia, free of charge, for an indefinite period.

Note N 13

Represents the December VAT charges resulting from services provided by Rompetrol Georgia LLC, Magticom LLC, JSC Silknet, Telco Systems LLC, Umbrella Wash LLC, and Sun Petroleum Georgia LLC.

Note N14

A contract was signed between the LEPL Information Technology Agency and (UNFPA) for "Minimizing the Impact of COVID-19 Spread in Georgia Through Telemedicine and Digital Health," for which a targeted grant of GEL 10,688 (ten thousand six hundred eighty-eight) was received.

Explanatory Notes on the Financial Statements of the LEPL State Employment Promotion Agency

Note N 2(a)

Short-term (current) receivables, including accrued interest and penalties.

At the beginning of the reporting year, the balance was GEL 143,400.

This amount represents a penalty imposed on companies for crossing the border without coordination with the Ministry (migration-related issues).

At the end of the reporting year, the balance was GEL 0, as the issue was addressed by a government resolution, and all penalties were fully written off.

On December 5, 2022, the LEPL Social Service Agency transferred receivables of GEL 137,100 to the LEPL State Employment Promotion Agency, which was also generated by penalties imposed on organizations for border crossings without coordination with the Ministry.

Other short-term (current) receivables:

The initial balance at the beginning of the reporting year was GEL 1,400, and the balance at the end of the reporting year was GEL 1,200.

This amount represents excess payments made during the 2020 COVID-19 compensation period.

Note N3

The expenses under social assistance reflect the issuance of work tools and other low-value inventories to socially vulnerable individuals employed in public works, totaling GEL 651,391.26.

Note 4

030 - Prepayments for long-term non-financial assets: Reflects an advance payment of GEL 49,372.84 based on a bank guarantee.

Note N6

Income from grants:

The appendix reflects "assets received free of charge from various organizations," specifically:

- "Non-residential buildings 1-22-1200" - book value of GEL 148,314.53;
- "Vehicles 1-22-2100" - book value of GEL 4,638.13;
- "Other machinery and equipment 1-22-2220" - book value of GEL 138,451.71.

Other income recorded under the appendix:

- "Vehicles 1-22-2100" - Depreciation of assets received via grants, GEL 8,604.98;
- "Other machinery, equipment, and inventory 1-22-2220" - Depreciation of assets received via grants, GEL 241.47.

Accumulated depreciation of major assets:

The accumulated depreciation (+) shown includes:

- Vehicles transferred free of charge from the LEPL Social Service Agency - Accumulated depreciation of GEL 5,952.80;
- Vehicles transferred free of charge from the Ministry of Internally Displaced Persons, Labour, Health, and Social Affairs of Georgia - Accumulated depreciation of GEL 2,652.18;
- "Other machinery and equipment" transferred free of charge from the LEPL Social Service Agency - Accumulated depreciation of GEL 241.47.

Explanatory Notes on the Financial Statements of the LEPL Medical and Pharmaceutical Activities Regulation Agency

These explanatory notes provide additional information on the activities of the regulation agency.

The financial statement is prepared based on the normative acts governing accounting and reporting in Georgia, including:

- The Order of the Minister of Finance of Georgia No. 24, dated February 4, 2021, on the approval of "Rules for the Preparation and Submission of Financial Reports of Budgetary Organizations";
- The Order of the Minister of Finance of Georgia No. 108, dated May 5, 2020, on the approval of "Instructions for Accounting and Reporting by Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)";
- The Order of the Minister of Finance of Georgia No. 17, dated June 15, 2020, on the approval of the "Chart of Accounts for Budgetary Organizations and Instructions for Its Use";
- The Order of the Minister of Finance of Georgia No. 289, dated December 2, 2020, on the approval of "Instructions for the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations."

LEPL Medical and Pharmaceutical Activity Regulation Agency operates based on the statute approved by the order #64/N of the Minister of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia, dated December 30, 2011.

The funding sources of the Regulation Agency are the state budget and its own revenues. In 2023, the cash expenditures from the state budget amounted to GEL 6,906,382.39, the own revenues amounted to GEL 5,756,990.00, while the actual expenditures in 2023 amounted to GEL 9,307,070.44 from budgetary funds and GEL 2,913,909.32 from non-budgetary (own) funds.

In 2023, the Regulation Agency received revenues from capital grants in the form of goods, totaling GEL 43,572.51, of which GEL 41,160.51 was granted by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia and GEL 42,000.00 by the LEPL Information Technology Agency.

In 2023, the Regulation Agency received revenues from current grants in the form of goods, totaling GEL

10,821,741.74, of which GEL 10,779,741.74 was granted by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia and GEL 2,412.00 by the LEPL Information Technology Agency.

The agency's monetary resources and equivalents include a receivable balance of GEL 4,016,986.63, out of which GEL 4,000,000.00 is the balance in commercial banks and GEL 16,986.63 is formed by prepayments made by foreign companies for drug registration fees, which are deposited into a unified state budget account.

At the end of 2023, the Regulation Agency had a short-term receivable balance of GEL 1,655,665.60, consisting of short-term (current) receivables from budgetary organizations toward the Treasury, non-budgetary (own) funds totaling GEL 1,655,665.60, and tax receivables amounting to GEL 11,719.11.

Depreciation/amortization for the reporting year was calculated according to the "Instruction on the Accounting and Reporting of Depreciation/Amortization in Budgetary Organizations" approved by Order N289 of the Minister of Finance of Georgia on December 2, 2020, based on useful life spans (initial value divided by the number of useful years).

By the end of 2023, the Regulation Agency had short-term liabilities amounting to GEL 1,921,292.14, including tax liabilities (GEL 21,107.85 VAT and GEL 16,79 Pension Fund), short-term (current) liabilities arising from the supply of goods and services amounting to GEL 13,169.44, and other short-term liabilities totaling GEL 1,869,011.08, which stemmed from non-tax revenue (own funds) received in advance.

A correction was made for the error in 2022, amounting to GEL (6,970.38). The agency's own revenue for 2022 was corrected by GEL (7,000.00), and the material inventory expense for 2021 was adjusted by GEL 29.62.

Explanatory Notes on LEPL Emergency Situations Coordination and Urgent Assistance Center Financial Statement

These explanatory notes aim to provide additional information on the results of the activities of the LEPL Emergency Situations Coordination and Urgent Assistance Center, the management of assets, and the allocation of resources.

The financial statements are prepared based on the normative acts regulating accounting and reporting in Georgia, and the accounting policy used is compliant with the current legislation. Among the primary regulations are the following: "Instruction on the Preparation and Submission of Financial Statements by Budgetary Organizations"

approved by the Order #24 of the Minister of Finance of Georgia on February 4, 2021; "Instruction on the Accounting and Reporting of Public Sector Entities under the International Public Sector Accounting Standards (IPSAS)" approved by the Order N108 of the Minister of Finance of Georgia on May 5, 2020; "Instruction on the Chart of Accounts for Budgetary Organizations and Its Use" approved by the Order #17 of the Minister of Finance of Georgia on January 15, 2020; "Instruction on the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations" approved by the Order #289 of the Minister of Finance of Georgia on December 2, 2020.

The center is an organization funded by the state budget, and its financial statement includes the following state programs as of December 31, 2023:

- 27 0106 - Coordination of Emergency Situations and Management of Urgent Assistance;
- 27 03 03 07 01 - Sub-program for Ensuring Primary and Emergency Medical Assistance.

The change in the center's balance from the previous reporting period, amounting to GEL 212,396,055, was caused by the revaluation of new fixed assets, including buildings and structures valued at GEL 11,541,811, transport facilities at GEL 25,600, and land at GEL 9,672,194.

In 2023, the center's funding sources included both budgetary financing as well as targeted grants and own revenues.

The discrepancy of GEL 300 in the comparison report of the budget and actual funds was due to the return of advance payments made in the previous year that were unused.

As of January 1, 2024, the center's own funds balance amounts to GEL 3,202,591, of which GEL 2,861,553 is held in a deposit account at "TBC" Bank, GEL 333,980 is in a deposit at "Bank of Georgia," and GEL 7,058 is in the Ministry of Finance's Treasury Service account.

Inventory Description:

In 2023, a total of GEL 11,658,937 worth of material assets were received on the center's balance sheet, out of which GEL 11,290,439 was through purchases and GEL 368,498 was received as donations. Among these, GEL 88,976 worth of inventory was transferred to the center by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia. As of January 1, 2024, the remaining balance amounts to

GEL 10,764,170.

Fixed Assets Description:

In 2023, a total of GEL 11,544,755 worth of assets were received on the center's balance sheet, out of which GEL 1,265,443 was through purchases, GEL 9,062,381 was received as donations, and GEL 1,148,479 was received through other means (advances), with GEL 68,452 received as profit from barter exchange (Note N18). Among these, GEL 8,373,155 worth of fixed assets were transferred from the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia. As of January 1, 2024, the remaining balance amounts to GEL 108,028,647.

Depreciation on fixed capital was calculated at the end of the 2023 reporting period according to the instruction approved by the Order N289 of the Minister of Finance of Georgia, dated December 2, 2020, "On the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations." The total depreciation amounted to GEL 11,134,795.

Debtor/Creditor Liabilities:

At the end of the reporting period, short-term/current debtor liabilities amounted to 246,042 GEL.

Short-term creditor liabilities amounted to 910,672 GEL.

Budget and Actual Expenditure Comparison:

In 2023, the cash expenditure made by the center amounted to 142,604,204 GEL, with an additional 1,119,787 GEL spent from the center's own revenues.

Explanatory Notes on the LEPL Solidarity Fund of Georgia Financial Statements

According to the Government of Georgia's decree No. 682 dated April 15, 2022, on amendments and measures concerning the "Establishment of the Non-Entrepreneurial (Non-Commercial) Legal Entity – Solidarity Fund of Georgia," the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia (hereinafter referred to as "the Ministry") was granted all founding rights stipulated by the Solidarity Fund's charter and Georgian legislation. Additionally, based on the Government of Georgia's decree No. 319 dated June 14, 2022, the Ministry's statute was amended to assign the implementation of the "State Program for

Medical Assistance in Cases of Natural Disasters, Catastrophes, Emergencies, and Medical Aid to Affected Citizens in Conflict Zones or Other Cases Determined by the Government of Georgia" (budget code 27 03 03 08 01) to the Fund. Simultaneously, the Fund continued implementing budget code 39 00 – "LEPL Solidarity Fund of Georgia" as before. The financial reporting for budget code 39 00 was prepared separately from the Ministry's consolidated financial statements, as it could not be included under the Ministry's parent budget code (27 00) hierarchically.

In 2023, budget code 39 00 – "LEPL Solidarity Fund of Georgia" was replaced by budget code 27 01 11 – "Support and Management of Individual Medical Assistance to Citizens" and was consolidated under the Ministry's parent budget code (27 00). For the purpose of consolidating the financial reports, the results of the 2022 financial statements for budget code 39 00 were reflected in 2023 under account 3-22-4000 – "Adjustments Due to Other Capital Changes":

Under own funds, the balances in commercial bank accounts – 125,538.01 GEL (Debit – 1-11-2400; Credit – 3-22-4200) – Note N2;

Under own funds, liabilities to medical service provider institutions – 2,257,054.50 GEL (Debit – 3-22-4200; Credit – 2-13-3910) – Note N13;

Under budgetary appropriations, inventory balances – 8,525.60 GEL (Debit – 1-14-1420; Credit – 3-22-4100) – Note N3;

Under budgetary appropriations, fixed asset balances – 11,775.98 GEL (Debit – 1-22-0000; Credit – 3-22-4100) – Note N6;

Under budgetary appropriations, intangible asset balances – 8,802.00 GEL (Debit – 1-24-0000; Credit – 3-22-4100) – Note N8;

Under budgetary appropriations, accumulated depreciation of fixed assets – 10,511.99 GEL (Debit – 3-22-4100; Credit – 1-28-2000) – Note N6;

Under budgetary appropriations, accumulated amortization of intangible assets – 2,931.00 GEL (Debit – 3-22-4100; Credit – 1-28-5000) – Note N8.

The following balance adjustments from the previous reporting period were reflected in account 3-22-2000 – "Adjustments Due to Fundamental (Material) Errors":

Under own funds, an increase in commercial bank balances by 52,207.82 GEL (Debit – 1-11-2400; Credit – 3-22-2200)

– Note N2;

Under own funds, an increase in foreign currency balances in state treasury accounts by 8,145.77 GEL (Debit – 1-13-1240; Credit – 3-22-2200) – Note N2a;

Under own funds, a reduction in liabilities to medical service provider institutions by 190,406.77 GEL (Debit – 2-13-3910; Credit – 3-22-2200) – Note N13;

Within the framework of budget appropriations, the reduction of inventory balances written off in 2022 amounted to 5,400.00 GEL (Debit – 3-22-2100; Credit – 1-14-1420) – Note N3.

Within the framework of budget appropriations, a reduction of 9,832,037.80 GEL was made based on the documentation from previous reporting periods for debtor liabilities on the balance sheet from advance payments made to foreign medical institutions within the framework of the "Referral Services" state program between 2012-2022 (Debit – 3-22-2100; Credit – 1-15-1300) – Note N4.

Within the framework of budget appropriations, obligations from the previous reporting period were reflected with an increase of 29,193,118.20 GEL (Debit – 3-22-2100; Credit – 2-13-3910) – Note X13.

Within the framework of budget appropriations, obligations from the previous reporting period were reflected with an increase of 73.70 GEL (Debit – 3-22-2100; Credit – 2-13-4000) – Note N13.

Explanatory Notes on the LEPL Social Service Agency Annual Financial Statements

These explanatory notes provide additional information about the organization's operational results.

The financial reporting is prepared in accordance with normative acts regulating accounting and reporting in Georgia, primarily based on the requirements set by the following acts: "Instruction on the Preparation and Submission of Financial Reports of Budgetary Organizations" approved by Order N 24 of the Minister of Finance of Georgia dated February 4, 2021; "Instruction on the Accounting and Reporting Based on Public Sector Accounting Standards (IPSAS) for Budgetary Organizations" approved by Order N108 of the Minister of Finance of Georgia dated May 5, 2020; "Instruction on the Use of the Chart of Accounts for Budgetary Organizations" approved by Order N17 of the

Minister of Finance of Georgia dated June 15, 2020; and "Instruction on the Accounting and Reporting of Depreciation/Amortization for Budgetary Organizations" approved by Order N 289 of the Minister of Finance of Georgia dated December 2, 2020.

The LEPL Social Service Agency transfers various state allowances, which are recognized as expenses for the current period. Due to miscalculations, death of beneficiaries, or other reasons, amounts from previous periods are returned to the unified treasury account. In cases where refunds are made after the reimbursement has been issued, the demand is recognized as an overpayment, classified as short-term (current) receivables, and capital changes are reflected as adjustments due to fundamental (material) errors. This does not affect the current year's expenses.

In 2023, under the account "Corrections Due to Fundamental (Material) Errors," the amounts returned from previous periods were recorded. Additionally, debtors who had outstanding liabilities over the past years provided payment receipts, which had been compensated in prior years but for which no payment receipts had been presented. The correction (increase) of debtor liabilities amounted to 2,898,961.20 GEL. Also, amounts from 2022 that were transferred in 2023, including the payment for electricity consumption in highland settlements, which was not reflected in the 2022 report, were accounted for. The correction of liabilities amounted to 1,149,081.09 GEL.

The depreciation expense for certain fixed assets, which had been incorrectly calculated in 2022, was also adjusted.

As a result, the total correction to the prior year's capital amounted to 1,762,027 GEL.

In 2023, the vehicles on the balance sheet of the LEPL Social Service Agency (excluding vehicles acquired in 2022 and 2023) were revalued. Additionally, the Renault Sandero vehicle, which is under warranty, and the "MERCEDES BENZ" vehicle, which is temporarily in use by the LEPL Emergency Management Service, were revalued. Land and buildings that were previously on the balance sheet without value were also evaluated. Furthermore, "Other Machinery and Equipment" and fixed assets on the reference (808) account (excluding assets purchased in 2020, 2021, 2022, and 2023) were revalued. Assets that are unusable by the agency and are to be transferred to the Property Management Agency were not revalued. The total adjustment from this one-time revaluation amounted to 5,024,305 GEL.

In the section for non-financial assets, the difference between the amounts received and paid in 2023 was caused by

the fact that the capital renovation of the Vake-Saburtalo Service Center was not fully transferred. The remaining liability is reflected in the obligations, amounting to 14,582 GEL.

Explanatory Notes on the LEPL Labor Inspection Service Financial Statements

The annual financial statement for 2023 by the LEPL Labor Inspection Service (Organizational Code 27 05 02) was prepared in accordance with the "Instruction on the Preparation and Submission of Financial Reports for Budgetary Organizations," approved by Order N24 of the Minister of Finance of Georgia dated February 4, 2021, adhering to the main principles and requirements of International Public Sector Accounting Standards (IPSAS). Furthermore, all applicable legal requirements related to accounting and financial reporting were followed during the accounting and reporting preparation process, which is disclosed below in this explanatory note.

In 2023, accounting for the LEPL Labor Inspection Service was conducted in the ORIS-7 accounting software, which complies with the "Instruction on the Accounting and Reporting for Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)" approved by Order N 108 of the Minister of Finance of Georgia dated May 5, 2020, and the "Instruction on the Chart of Accounts for Budgetary Organizations and its Use" approved by Order N 17 of the Minister of Finance of Georgia dated January 15, 2020. Exceptions permitted by these orders were also utilized, including a specially developed working chart of accounts.

LEPL Labor Inspection Service used auditing companies for the valuation of assets.

Below are the key explanations forming the basis for the financial statement:

The LEPL Labor Inspection Service maintains accounting in accordance with the applicable laws and the developed accounting policy document;

The financial statements of the LEPL Labor Inspection Service was prepared using unified rules, methods, and forms; The following standards were applied during the accounting and preparation of the statements for 2023 by the LEPL Labor Inspection Service:

- a) IPSAS 1 – Presentation of Financial Statements;
- b) IPSAS 3 – Accounting Policies, Changes in Accounting Estimates, and Errors;
- c) IPSAS 9 – Revenue from Exchange Transactions;
- d) IPSAS 12 – Inventories;

- e) IPSAS 17 – Property, Plant, and Equipment;
- f) IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers);
- g) IPSAS 24 – Presentation of Budget Information in Financial Statements;
- h) IPSAS 31 – Intangible Assets;
- i) IPSAS 34 – Separate Financial Statements;
- j) IPSAS 39 – Employee Benefits.

Due to the specific nature of the activities and the absence of certain operations, there was no necessity to apply other standards during the accounting or financial reporting process in 2023.

Statement on the Financial Position

In the 2023 statement, short-term assets for the reporting year amounted to 4,554,635 GEL, which is explained by its subcomponents:

Regarding the subcomponents of short-term assets:

In line 003 of the report, out of the 2,972,096 GEL recorded in the short-term (current) debtor liabilities account from the previous reporting period (2022), 2,940,096 GEL are unpaid fines as of January 1, 2023, and 32,000 GEL are funds received by the service, which are placed in the Treasury Service account and reflected in the corresponding debtor liabilities account. As for the balance of the current reporting period, it amounts to 4,453,926 GEL, of which 4,420,664 GEL is the total amount of fines accrued by the service that remains unpaid as of January 1, 2024, and is accordingly reflected in the current debtor liabilities account. The remaining 33,000 GEL is the service's own funds deposited in the appropriate Treasury Service account and reflected in the current debtor liabilities account, and 262 GEL are overpaid income and pension taxes (due to failure to account for income tax after an employee's dismissal).

Line 004 reflects the opening and closing balances of inventory and low-value inventory as of January 1, 2024, in the material inventory account.

Line 005 reflects advance payments transferred on the basis of bank guarantees within contracts, amounting to 150 GEL for the metering of the Imereti Regional Office, transferred with the right of indefinite use by the state. As for the current reporting period, 6,255 GEL represents advance payments transferred for the purchase of breathalyzers on the basis of bank guarantees, and 712 GEL represents a pre-paid court fee.

Short-term liabilities, which amounted to 2,242 GEL as of January 1, 2023, were fully settled during 2023. Additionally, short-term liabilities amounting to 950 GEL arose during 2023 and were settled in the first quarter of 2024.

In the 2023 report, long-term assets for the reporting year amounted to 6,880,723 GEL, for which more detailed information will be provided in the explanatory notes.

In order to ensure transparency regarding the assets and liabilities recorded in the consolidated financial statement on the financial position, we explain the main principles determined by the accounting policy:

- The recognition of assets and liabilities is carried out using the accrual method;
- Inventories are recognized at cost;
- For writing off inventories (long-term low-value assets and material reserves), the FIFO method is used;
- The valuation and accounting of fixed assets are carried out using the cost model;
- Depreciation of fixed assets is carried out using the straight-line depreciation method;
- The valuation and accounting of intangible assets are carried out using the cost model;
- Amortization of intangible assets is carried out using the straight-line amortization method;
- The useful life and book value of each class of fixed and intangible assets are determined according to the instructions established by Order N 289 of the Minister of Finance of Georgia on December 2, 2020, "On the Approval of Instructions on the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations";
- According to Article 4, Clause 1 of the same order, the LEPL Labor Inspection Service does not calculate depreciation for assets in storage that have not yet been put into operation.

Consolidated Statements on Financial Performance

Revenue from penalties, fines, and interest totaling 3,818,264 GEL consists of:

- 3,818,200 GEL – the total amount of fines imposed (or annulled) by the LEPL Labor Inspection Service in accordance with the legislation as of 2023;
- 64 GEL – the total amount of fines imposed due to breaches of contract terms.

Revenue from grants - 243,405 GEL is comprised of:

- Capital grant from the same level state entity: 221,205 GEL
- Current grant from the same level state entity: 22,200 GEL

Including:

- Current grant transferred by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia: 15,482 GEL
- Capital grant transferred by the Ministry: 198,266 GEL
- Current grant transferred by the LEPL Information Technology Agency: 4,542 GEL
- Capital grant transferred by the Information Technology Agency: 21,000 GEL
- Capital grant transferred by the LEPL Agency for State Care and Assistance for Victims of Human Trafficking: 1,940 GEL

Revenue from internal transfers amounts to 6,211,299 GEL, which represents funding received from the budget.

Revenue from exchange operations: 1,000 GEL, received for granting accreditation to educational institutions.

Other revenue: 6,510 GEL, representing assets received by the LEPL Labor Inspection Service from an international organization at no cost (without value). Since this was the first-time reception and therefore also the first entry in the budget system, there could not be any recalculation from previous periods. Consequently, the valuation of these assets is reflected in the various income accounts.

Expenditure from internal transfers amounts to 2,337,696 GEL, including:

- 2,337,632 GEL directed to the budget from fines imposed by the LEPL Labor Inspection Service (for the years 2021-2023) during 2023;
- 64 GEL directed to the budget from penalties imposed for contract violations.

Out of the 348,353 GEL recorded as grant expenditures:

- 71,128 GEL was transferred as a capital grant to the Ministry of Internally Displaced Persons from the

Occupied Territories, Labor, Health, and Social Affairs of Georgia;

- 275,060 GEL was transferred as a capital grant to the LEPL Agency for State Care and Assistance for Victims of Human Trafficking (land in the city of Kutaisi);
- 2,165 GEL was given as a cash grant to an international organization.

The above explanations and the data reflected in the amounts pertain to operations conducted since 2021.

Comparison of Budget and Actual Funds in the Consolidated Financial Statements

In the report comparing the budget and actual funds, the budget execution is based on cash data, including: an approved budget of 6,965,000 GEL, an adjusted budget of 6,214,799 GEL, and actual cash expenses of 6,211,299 GEL.

Explanatory Information

Regarding the forms of explanatory notes and the accounting policy applied:

Note N 2a

The 4,420,664 GEL reflected in the note represents the total amount of fines imposed by the LEPL Labor Inspection Service from 2021 to January 1, 2024, which remained unpaid as of January 1, 2024, and is recorded as a receivable.

33,000 GEL represents funds received as own revenue, reflected in the demands on the treasury in national currency from non-budgetary (own) sources.

262 GEL reflects overpaid income tax and pension contributions, specifically 254 GEL and 8 GEL, respectively.

Note N 3

Regarding material inventories, no net realizable value is determined. The accounting for inventories is recorded at cost.

Inventory received as a grant worth 22,200 GEL, distributed among organizations:

- 15,482 GEL for an Uninterruptible Power Supply (065) received from the Ministry of Internally Displaced

Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia.

- 4,542 GEL for an Uninterruptible Power Supply (V5) and external hard drives received from the LEPL Information Technology Agency.
- 2,176 GEL for small-value computer equipment received from the LEPL Revenue Service.
- 2,810 GEL reflects the one-time valuation of assets received at no cost from an international organization.

Note N 4

- 6,255 GEL was pre-paid for the purchase of breathalyzers.
- 712 GEL was pre-paid as a court fee.

Note N 6

Assets worth 221,205 GEL were received as grants:

- 71,163 GEL in transportation equipment was received from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia.
- 127,103 GEL worth of computer sets and laptops were received from the same Ministry.
- 21,000 GEL worth of printers were received from the LEPL Information Technology Agency.
- 1,940 GEL in various types of assets were received from the LEPL Agency for State Care and Assistance for Victims of Human Trafficking.

Other receipts worth 84,998 GEL consist of:

- 68,855 GEL in accumulated depreciation for received transportation equipment.
- 3,700 GEL reflects the one-time valuation of assets received at no cost from an international organization.
- Out of 12,443 GEL, 8,506 GEL reflects asset reclassification, and 3,937 GEL reflects received accumulated depreciation.

150 GEL represents reduced advance amounts from the previous reporting period for the electrification of the Kutaisi Regional Office.

346,188 GEL reflects assets granted as part of a grant, specifically: 71,128 GEL worth of vehicles (three units) transferred to the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia, and 275,060 GEL worth of 1,618 square meters of land in the city of Kutaisi transferred to the LEPL Agency for State Care and Assistance for Victims of Human Trafficking.

From the 219,790 GEL reflected in the other expenses line:

- 206,837 GEL is the depreciated value written off upon disposal,
- 4,446 GEL represents the depreciation loss of a vehicle transferred to the National Agency of State Property,
- 8,506 GEL is the reclassification cost for the transfer of assets from account 1-22-2210 to 1-22-2220.

Note N 8

The movement of intangible assets in the note follows the same principles as described in Note N 6.

Due to the specific instructions and forms, intangible assets have been detailed and distributed in the relevant sections.

Note N 13

During 2023, a total of 950 GEL in creditor liabilities arose, representing travel expenses.

Note N 14

Details about the grants received were explained in Note 6;

Revenues from sanctions, fines, and penalties amount to 3,818,264 GEL, comprising:

- 3,818,200 GEL in fines imposed (or annulled) by the Labor Inspection Service in compliance with the law as of 2023,
- 64 GEL from penalties imposed for breaches of contractual conditions (related to Note N22).

Note N 15

1,000 GEL represents revenue generated from issuing accreditations as per the law (related to Note N22).

Note N 16

4,446 GEL represents the depreciation loss of a vehicle transferred to the National Agency of State Property.

Note N 17

As mentioned above, the expenses listed under internal transfers include the 2,337,632 GEL from fines imposed between 2021-2022 and 64 GEL from penalties due to breaches of contractual conditions, all of which were paid to the state budget.

Note N 18

The 6,510 GEL listed under item 050 is the one-time valuation of assets received from an international organization at no cost.

We would also like to clarify that in 2023, the Labor Inspection Service received two vehicles from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs of Georgia, with zero balance sheet value. These vehicles were assessed for a total of 22,000 GEL in a one-time valuation and are reflected in the relevant forms.

Considering all the above-mentioned information and operations, the total balance of retained surplus/deficit at the end of the reporting period amounted to 11,434,709 GEL.

Explanatory Notes on the Financial Statements of LEPL National Health Agency

The financial report of the National Health Agency (hereafter "the Agency") for 2023 is prepared in accordance with the normative acts regulating accounting and reporting in Georgia, including, but not limited to, the following key requirements: "Instructions on the Preparation and Submission of Financial Statements for Budgetary Organizations," approved by Order N24 of the Minister of Finance of Georgia on February 4, 2021; "Instructions on Accounting and Reporting for Budgetary Organizations in accordance with International Public Sector Accounting Standards (IPSAS)," approved by Order N108 of the Minister of Finance of Georgia on May 5, 2020; "Instructions on the Chart of Accounts and Its Use for Budgetary Organizations," approved by Order N17 of the Minister of Finance of Georgia on June 15, 2020; "Instructions on the Accounting and Reporting of Depreciation/Amortization by Budgetary Organizations," approved by Order N 289 of the Minister of Finance of Georgia on December 2, 2020.

The Agency's activities are defined by the "Resolution on Certain Measures for Transition to Universal Healthcare" (Resolution N36 of the Government of Georgia dated February 21, 2013), the "Resolution on the Approval of the State Program for Hepatitis C Management" (Resolution N169 of the Government of Georgia dated April 20, 2015), and other resolutions of the Government of Georgia that approve state health programs for relevant years, including providing social services such as medical services and the provision of medications.

The opinions and specificities presented in these explanatory notes are considered to be approaches defined by the

Agency's accounting policy. Below are the key accounting approaches used by the Agency:

- Economic events are reflected in the accounting records using the accrual method, based on the date of the event, except for cases of utility services and other continuous services determined by Georgia's budget classification, where accounting may be based on the date of the issuance of a supporting document, regardless of the actual occurrence date of the event.
- Given the timelines for the provision of medical services defined by state health programs, the submission of interim documentation by medical institutions, the Agency's verification process, and the preparation of the final acceptance report, there is information about economic events that occurred during the reporting period but have not yet been confirmed (they are still under review, and the requested amount by the medical institution may be adjusted). The anticipated liabilities arising from such events are reflected as estimated accruals (2-14-0000).
- Amounts imposed as fines and penalties are recognized as receivables (1-13-4610) based on the date of the issuance of the corresponding penalty act or decision. These assets are considered revenues from sanctions and fines (4-44-0000).
- Under "Financial Penalties," the repayment of funds imposed on the organization for prior years is treated as a short-term receivable (1-13-9400) and classified as revenue from ongoing external transfers that are not classified elsewhere (4-45-1000). The recognition of such receivables occurs on the date of the issuance of the corresponding act or decision.
- Material inventories (1-14-0000) include both assets necessary for the organization's operations and low-value items and other materials and supplies intended for transfer to other parties (primarily beneficiaries) either free of charge or at nominal value.

When purchasing material inventories, their valuation is based on the cost price; when received free of charge from public institutions, the valuation is based on the value reflected in the transfer document (act of acceptance and delivery).

For interchangeable material inventories, individual and/or average weighted cost formulas are used to determine the cost price.

When inventories are received from budget organizations through a non-exchange transaction, the revenue is recognized as a current commodity grant (4-32-1000); when received from other legal entities, the revenue is recognized as other current external transfers (4-45-1000).

When material inventories are actually used, they are reflected in actual expenses in the relevant cost category for goods and services (5-20-0000); when transferred free of charge to budget organizations, they are reflected in the expense category of current commodity grants (5-32-1000); and when transferred to beneficiaries or other legal entities, they are reflected in the categories of social expenses (5-63-0000) and other current external transfers (5-73-1000).

Low-value assets in use are recorded in off-balance sheet accounts in the corresponding reference lines (8 04) until they are written off through a commission process, following the procedures established by law, and upon the decision of the head.

The transfer of non-financial assets is considered as a short-term (current) non-monetary receivable (1-15-2100) for assets transferred free of charge to legal entities, which are ultimately to be given to or used for beneficiaries (e.g., medicines, inventory and materials necessary for medical operations, etc.).

When acquiring fixed assets (1-22-0000), their valuation is based on the cost price; when received free of charge from public institutions, the valuation is based on the value reflected in the transfer document (receipt-delivery act). If a spare part or auxiliary device is used only with a specific unit of a fixed asset, it is recorded as a fixed asset. The depreciation of fixed assets is calculated using the straight-line depreciation method. The useful life and residual value of each class of fixed assets are determined by the instruction approved by the Minister of Finance's Order N 289 dated December 2, 2020, on "Accounting for Depreciation/Amortization in Budgetary Organizations and Its Reflection in Financial Reporting."

When fixed assets are received from budgetary organizations through a non-exchange transaction, revenue is recognized as a capital grant in kind (4-32-2300).

In cases where fixed assets are transferred free of charge to budgetary organizations, the expense is recognized as a

capital grant in kind (5-32-2300); if transferred to beneficiaries or other legal entities, the expense is categorized under social (5-63-0000) and other capital external transfers (5-73-2000).

After the balance value is zeroed out, fixed assets are reflected in off-balance accounts under the relevant reference lines (8 08) until they are written off through a commission process, following the procedures established by law and the decision of the head.

The valuation of intangible assets (1-24-0000) is carried out using the cost model. Amortization of intangible assets is calculated using the straight-line method, with the useful life for depreciation determined by the instruction approved by the Minister of Finance's Order N289 dated December 2, 2020, on "Accounting for Depreciation/Amortization in Budgetary Organizations and Its Reflection in Financial Reporting." Long-term assets (1-27-4200) that are acquired/received to be transferred to beneficiaries or other legal entities for the purpose of providing services to beneficiaries are considered as assets intended for transfer. Such assets are stored by the agency for a short period (less than one year) and are issued when necessary. When used for their intended purpose, the expense is recognized as social service (5-63-0000).

Cash grants refer to direct financial grants received or issued, or the receipt/issuance of cash funds. The free transfer of other financial assets (receivables) from budgetary organizations and their issuance is recognized as revenue from a commodity grant (4-32-0000) and an expense (5-32-0000).

After the balance value is zeroed out, fixed assets are recorded in off-balance accounts under the relevant reference lines (8 08) until they are written off through a commission process, following the legally established procedures and the decision of the head.

The valuation of intangible assets (1-24-0000) is carried out using the cost model. Intangible assets are amortized using the straight-line method, and the useful life for depreciation is determined by the instruction approved by the Minister of Finance's Order N289, dated December 2, 2020, on "Accounting for Depreciation/Amortization in Budgetary Organizations and Its Reflection in Financial Reporting." Long-term assets (1-27-4200) intended for transfer to beneficiaries or other legal entities for the purpose of providing services to beneficiaries are stored by the agency for a short period (less than one year) and are issued when necessary. When used for their intended purpose, the expense is recognized as social service (5-63-0000).

Cash grants refer to direct financial grants received or issued, or the receipt/issuance of cash funds. The free transfer of other financial assets (receivables) from budgetary organizations and their issuance is recognized as revenue from a commodity grant (4-32-0000) and an expense (5-32-0000).

Revenue from the sale of goods and services is recognized as non-budgetary income—own funds—permitted by law. Additionally, the sale of goods and services is treated as work performed by a non-market institution.

Penalties imposed on suppliers or other amounts payable to be transferred back to the central budget generate a non-tax liability to the treasury (2-13-1200), which is reflected as an internal current transfer expense (5-52-0000).

Expenses incurred for private legal entities or individuals, as well as amounts imposed by the court, and other unclassified expenses, are categorized as external transfer expenses (5-73-0000).

Impairment of assets is recorded in the accumulated impairment loss of current assets account (1-19-0000) and as expenses arising from other economic flows (5-90-0000).

According to the Georgian Government's Decree N509 dated August 17, 2020, on the "Establishment of the National Health Agency as a Legal Entity of Public Law," the agency was designated as the legal successor of the Social Services Agency in the direction of state health programs.

Medications and pharmaceutical products are recorded in the agency's material inventory account (1-14-1420). Initially, these stocks are stored and periodically distributed or directly issued (in cases such as medical consumables and medications purchased under the "State Program for Dialysis and Kidney Transplantation") to clinics and pharmacies involved in the state's health programs throughout Georgia. During this period, medications remain on the balance sheet until they are directly issued to beneficiaries, at which point they are recorded as an expense for social services (5-63-0000). Expired or otherwise unusable medications are recorded in the reference account as assets held for safekeeping (8 02). When medications are rendered unusable due to expiration or other reasons, they are recorded as a reduction in the accumulated value of material inventories (1-19-3000) and as an expense for reducing the value of material inventories (5-92-0000).

According to state health programs, the work performed by medical service providers is subject to inspection at any stage of supervision, and various types of financial sanctions are applied in case of identified violations:

- a) Refusal of full reimbursement for the case – In this instance, the provided service is not recognized in accounting, as the agency does not assume the obligation to pay due to the identified violation.
- b) Return of already reimbursed funds – This applies to two types of cases: 1) For services reimbursed in the current reporting period, a demand is recognized as a short-term (current) receivable for overpaid amounts (1-13-9400), and the expense for social services is reduced (5-63-0000). 2) For services reimbursed in the previous reporting period, the overpaid amounts are recognized as short-term (current) receivables (1-13-9400) and classified as other unclassified income (4-45-1000), as the sanction is imposed on the current date, based on the relevant act/decision. Information regarding the return of funds would not have existed without the current period's inspection and issuance of the act/decision.
- c) Additional financial penalty – In this case, a demand is recognized against the provider as a short-term (current) receivable for fines, sanctions, and penalties (1-13-4610), and the revenue from fines, penalties, and sanctions is increased (4-44-0000).

Sanctions are imposed following the completion of inspections conducted under the requirements of state health programs, based on the relevant act/decision. The demand is recognized in accounting based on the date of the act/decision. If the medical facility appeals the act/decision, the demand remains on the balance sheet until the court's final decision. If the court ultimately cancels or reduces the imposed sanction, the corresponding demand is written off from the balance sheet as an impairment of the asset—provision for doubtful short-term (current) receivables (1-19-2000) and as an expense for doubtful/uncollectible receivables (5-91-0000).

According to the Government of Georgia's Decree N36 dated February 21, 2013, "On Certain Measures for Transition to Universal Healthcare," financial sanctions imposed on medical service provider organizations are considered monetary obligations (payable) to the state budget or the budget of the relevant state program. The same decree establishes the procedures for enforcing financial sanctions, which involve withholding/deducting amounts from the compensation due for medical services provided during the current period. Accordingly, in cases of deductions, the amount payable is reduced by the amount specified in the acceptance-transfer act, while the remaining portion is compensated, and the demand recorded as a financial sanction is reduced. If the provider voluntarily pays the financial sanction (or part of it), the funds are transferred to the central budget under the appropriate revenue code,

and the demand recorded as a financial sanction is reduced. In 2023, adjustments were made to the beginning balance sheet data of the reporting period through the use of the unallocated surplus/deficit adjustment account (3-22-0000), due to omitted or incomplete information. As a result of these adjustments, the capital surplus/deficit indicator decreased by GEL 9,698,338.08. The following recalculations of opening balance data were made:

- Other non-financial assets (1-27-0000) increased by GEL 1,642,287.67 and decreased by GEL 2,288.9 (correction of the expense for cardioverter defibrillators from 2022).
- Short-term (current) receivables (1-13-0000) decreased by GEL 208,573.33 (including a decrease in other short-term receivables by GEL 891.60; correction of a duplicated entry from the previous year by GEL 1,050.00; decrease in short-term receivables on other fines, sanctions, and penalties by GEL 201,423.63; and a decrease in short-term receivables due to overpayments by GEL 5,999.7). Additionally, they increased by GEL 2,438,263.3 (including an increase in short-term receivables on other fines, sanctions, and penalties by GEL 306,824.82, and an increase in short-term cash receivables by GEL 1,422,017.15 due to corrections for overpayments).
- Short-term (current) payables (2-13-0000) increased by GEL 41,447.36 (including an increase of GEL 897.36 due to corrections of liabilities payable to the treasury from non-tax revenues, and an increase of GEL 40,550.00 due to corrections of short-term payables arising from social assistance). They decreased by GEL 10,779.73 (including a decrease of GEL 9,148.29 in short-term payables arising from the supply of goods and services outside the budget year due to corrections, and a decrease of GEL 1,631.44 in short-term payables arising from cash social assistance within the budget year due to corrections).

In the financial statement note N 13 (payables, accruals, and other liabilities), the increase/decrease in payables reflects the portion of obligations subject to payment under 2023 budget allocations or own funds. Other increases/decreases refer to changes in obligations for other reasons, including the recognition or reduction of non-tax payables to the treasury when fines are paid by clinics into the central budget. The portion of liabilities arising from medical services received, which are deducted from compensable amounts due to financial sanctions imposed on clinics in accordance with the Government of Georgia's Decree N36, is offset by the mutual cancellation of the imposed sanctions and recognized liabilities.

In financial statement note N 13 (payables, accruals, and other liabilities), the decrease in short-term (current) accruals (2-14-0000) by GEL 43,076,562.33 is due to the execution of acceptance-transfer acts for confirmed amounts after processing the documentation submitted by clinics for medical services rendered. The reversal of GEL

3,544,408.45 of prior accruals occurred after the documentation submitted for medical services was processed, reducing accruals for unconfirmed amounts (for which acceptance-transfer acts were not executed).

In financial statement note N 14(b) (revenues from grants), in-kind grants include material inventories valued at GEL 9,642,453 and fixed assets valued at GEL 333,646.22. In M17b (expenditures from grants), in-kind grants issued include a transport vehicle valued at GEL 71,162.71.

In financial statement Note N14(c) (revenues from other operations), transfers and other unclassified revenues include pharmaceuticals valued at GEL 34,833,461.33, donated by private companies free of charge, as well as GEL 12,974,089.17 in sanctions arising from overpayments in previous years and returned programmatically (1-13-9400). In N17 (operational expenses), transfers and other unclassified expenses include the free transfer of pharmaceuticals to private companies valued at GEL 58,762.39, as well as GEL 121.48 in intermediary financial institution fees charged during the deposit of fines and refunds from foreign companies into foreign currency accounts. Additionally, there are GEL 1,694.73 in unclassified expenses incurred during the reporting period for other services, fees, and charges, as well as GEL 235,929.75 in court-ordered payments.

The majority of the demands recorded on the agency's balance sheet for sanctions imposed on clinics (1-13-4610 – short-term (current) receivables for other fines, sanctions, and penalties; 1-13-9400 – short-term (current) cash receivables for overpayments due to errors) have been challenged by the clinics and are currently under review in various court instances.

In note N 22, categories administered on behalf of the state include assets purchased, obligations incurred, and expenses made for target groups of the population within the framework of health state programs, including:

GEL 224,659,359.82 represents the volume of work completed by medical service provider organizations in 2023, for which final acceptance-transfer acts have not been signed as of the current date, or the relevant documentation is still being processed.

GEL 214,510,051.99 represents the obligations recognized by the LEPL National Health Agency for services provided by medical service provider organizations in 2023.

GEL 1,466,832,000.18 represents the social service expenses incurred by the Agency in 2023 (medical services,

provision of medications).

GEL 8,013,695.00 represents the assets purchased for targeted population groups within the framework of state programs.

Since its establishment, the Agency has been involved in various court disputes, where the subject of the dispute is primarily the invalidation of decisions to deny reimbursement for medical services based on the inspection of medical case documentation. In such cases, the dispute is heard in administrative legal proceedings, with the subject being the invalidation of individual administrative acts. Medical institutions that file claims are required to pay state fees in the amounts specified for non-property disputes, as the disputed acts do not specify the amount of money for which reimbursement was denied. If the dispute is resolved in favor of the medical institution, the Department of Health State Program Management reclassifies the medical cases, and only then is the amount to be reimbursed for the disputed medical cases known. Consequently, during the court proceedings, in most cases, claimants do not specify the value of the disputed claim (the disputed amount). Currently, there are several ongoing court cases related to decisions to deny reimbursement for medical services, which are not quantified and, therefore, are not recognized as accruals or contingent liabilities. Obligations and expenses will be recognized if compensation is required following the final court decision, on the date the relevant decision is issued.

Explanatory Notes on the Financial Statements of LEPL Agency of State Care and Assistance for Victims of Human Trafficking

The financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS), budgetary classification, and regulatory normative acts governing accounting and reporting in Georgia. The accounting policies used are permitted by the applicable legislation. The financial statements are primarily prepared using the accrual method, with cash accounting applied in cases defined by the methodology.

The financial report of the LEPL Agency of State Care and Assistance for Victims of Human Trafficking for 2023 is prepared in accordance with the "Instruction on the Preparation and Submission of Financial Statements for Budgetary Organizations," approved by Order N24 of the Minister of Finance of Georgia on February 4, 2021. The financial statements follow the formats approved by the instruction and complies with the core principles and requirements of the International Public Sector Accounting Standards (IPSAS). All legal requirements related to accounting and reporting, as stipulated by the applicable legislation, are fully observed in the process of preparing the accounting records and reports, as disclosed in the explanatory notes.

These explanatory notes provide information on the performance, asset management, and resource allocation of the LEPL Agency of State Care and Assistance for Victims of Human Trafficking.

The LEPL Agency of State Care and Assistance for Victims of Human Trafficking is a state-funded organization, and its financial statements include information on the financial position, assets, liabilities, net assets/equity, revenues, and expenses, prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial report is prepared based on fundamental principles and is presented with detailed information in the approved financial statements and explanatory notes.

During the reporting period, the financial report includes the following forms:

- a) Statement of Financial Position;
- b) Statement of Financial Performance;
- c) Statement of Changes in Net Assets/Equity;
- d) Comparison of Budget and Actual Amounts;
- e) Explanatory Notes.

The LEPL Agency of State Care and Assistance for Victims of Human Trafficking performs its main functions under the authority granted by the relevant document (BDD) with the following program codes:

- 27 01 05 – "Management of State Care and Assistance for Victims of Trafficking"
- 27 02 05 – "Provision of State Care and Assistance for Victims of Trafficking"
- 27 02 03 – "Social Rehabilitation and Child Care"

The information reflected in the financial statements represents the economic substance of operations and events and fairly presents the financial position and results of the organization's operations.

Reporting Currency

The individual financial statements of the LEPL Agency of State Care and Assistance for Victims of Human Trafficking are prepared in the national currency, Georgian Lari.

Funding Sources

The funding sources of the LEPL Agency of State Care and Assistance for Victims of Human Trafficking are:

- State Budget;
- Targeted Grant;
- Own Revenues.

The financial statements include information on the execution of the state budget, which is prepared in accordance with applicable legislation using the cash method, and expenses are incurred based on practically implemented activities within the scope of the allocated appropriations.

State Budget

27 01 05 – "Management of State Care and Assistance for Victims of Human Trafficking"

Approved Budget	Revised Budget	Cash Expenditure
10,800,000	9,812,912	9,812,636

27 02 05 – "Provision of State Care and Assistance for Victims of Human Trafficking"

Approved Budget	Revised Budget	Cash Expenditure
8,000,000	7,701,308	7,701,173

270203 – "Social Rehabilitation and Child Care"

Approved Budget	Revised Budget	Cash Expenditure
66,550,000	66,550,000	66,547,414

Information on Target Grants

Under the project "Beyond Institutional Care," the agency received income (grant) of 35,557.50 GEL during the reporting period. The project aims to support the Government of Georgia in implementing quality alternative care services to protect and rehabilitate the most vulnerable children under state care or at risk.

The project "Improving the System Against Gender-Based Violence" received an income (grant) of 110,393.49 GEL

during the reporting period. The goal of this project is to assist the Government of Georgia in fulfilling its obligations at the international, regional, and local levels, particularly in addressing violence against women and girls, including domestic and sexual violence, and identifying and solving challenges faced by the LGBTQI community. The total amount received was 145,950.99 GEL (Note N 22).

Own Revenues

During the reporting period, own revenues amounted to 11,180 GEL, which includes co-financing contributions from beneficiaries and fees for adoption training (Note N22).

Information on Expenditures under the State Program "Social Rehabilitation and Child Care"

The program includes the protection of the rights of people with disabilities (PWDs) and the elderly, providing quality social services, and facilitating integration into society. It also includes the protection of victims of human trafficking, gender-based violence, domestic violence, and sexual violence, offering psychosocial rehabilitation, legal, and care services. The program supports the protection of the rights of children with disabilities, homeless and at-risk children, assistance to families with children in crisis situations, and the preparation of young adults (aged 18-21) leaving state care for independent living. The total expenditures under various codes during the reporting period amounted to 65,519,529.62 GEL (Note N 22).

Surplus/Deficit Adjustments

In consideration of the recommendations from the Internal Audit Service of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia, corrective operations were carried out during the reporting period to adjust the accumulated depreciation and surplus/deficit of the ministry's assets and core assets. These adjustments affected the opening balances for 2023.

Additionally, the agency took into account and reflected in the current financial statements the following recommendations from the Internal Audit Service: separating the value of land and buildings received as gifts, determining the value of vehicles and applying depreciation, and properly accounting for information related to legal disputes.

Explanatory Notes on the Financial Statements of the Non-Entrepreneurial (Non-Commercial) Legal Entity Georgian Medical Holding

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), budget classification, and the regulatory normative acts governing accounting and reporting in Georgia. The accounting policy employed by the Ministry is consistently applied throughout the reporting period. The financial statements are primarily prepared on an accrual basis, with a cash method used in specific cases as defined by methodology.

The financial statements of the NNLE Georgian Medical Holding for the year 2023 were prepared in compliance with the instructions issued by the Minister of Finance of Georgia on February 4, 2021, under Order N24, "On Approving the Instructions on the Preparation and Submission of Financial Statements of Budget Organizations." These statements adhere to the fundamental principles and requirements of the International Public Sector Accounting Standards (IPSAS). Throughout the preparation of these financial statements, all relevant legal requirements related to accounting and reporting were observed, as disclosed in the explanatory notes.

These explanatory notes provide information on the results of the operations, asset management, and resource allocation of the Georgian Medical Holding.

NNLE Georgian Medical Holding is an organization funded by both the state budget and its own revenues. Its financial statements include information on the financial condition, assets, liabilities, net assets/capital, revenues, and expenses, prepared on the basis of IPSAS and related to state programs such as "Policy Development and Management in the Field of Internally Displaced Persons, Labor, Health, and Social Affairs," among others. These reports are prepared with consideration of key principles and are presented with detailed information in the financial statements and explanatory notes.

During the reporting period, the financial statements include the following forms:

- a) Statement of Financial Position
- b) Statement of Financial Performance
- c) Statement of Changes in Net Assets/Capital
- d) Comparison of Budgeted and Actual Amounts

e) Explanatory Notes

To better understand the forms listed above, the financial statements are accompanied by additional analytical accounting information presented as explanatory notes.

As mentioned, NNLE Georgian Medical Holding executes its core activities through various programs and sub-programs. The main programs/sub-programs implementing its activities are:

- Rural Doctors - Primary Health Care Services in Rural Areas - Program Code: 27 03 03 07 03
- Measures to Manage the Infection Caused by the Novel Coronavirus (SARS-CoV-2) (COVID-19) - Program Code: 27 03 03 10 01 08
- Rehabilitation of State Clinics - Program Code: 27 03 05 02

The financial statements are prepared based on the "Going Concern" assumption, ensuring that they meet the needs of users for economic decision-making and are reliable. The information presented fairly reflects the organization's financial position and results of operations. The data in the forms represent the economic substance of transactions and events rather than their form.

The financial statements are neutral and free from subjective bias. Deviations from mandatory requirements of IPSAS may be based on the specific nature of NNLE Georgian Medical Holding's activities, the principles of the Georgian budgetary system, and regulatory legislation governing its operations.

Given the specifics of NNLE Georgian Medical Holding's activities, any deviations resulting from economic events during the reporting period are disclosed in these explanatory notes, with explanations of the reasons for such deviations.

Main Activities:

The core competence of NNLE Georgian Medical Holding involves managing medical services, which includes operating subsidiary companies and overseeing the management and infrastructure development of rural doctors.

Reporting Currency:

The individual financial statements of the Ministry's apparatus are prepared in the national currency –Georgian Lari.

Foreign Currency Transactions:

During the 2023 reporting period, within the framework of programs related to "COVID-19 Emergency Response Management," certain transactions were conducted in foreign currencies. These transactions, as per the standard, are considered foreign currency transactions and fall under the requirements of IPSAS 4, "The Effects of Changes in Foreign Exchange Rates." In accordance with this standard, monetary items denominated in foreign currencies were re-measured at the official exchange rate set by the National Bank of Georgia at the reporting date, while non-monetary items were accounted for at the exchange rate on the date of the transaction or advance payment.

Funding Sources:

In accordance with the "Budget Code of Georgia," budget execution is carried out using the cash method. NNLE Georgian Medical Holding's funding sources include the state budget, its own revenues, and targeted grants. The financial statements provide information on the execution of the state budget, prepared in compliance with the applicable legislation and the cash method. Expenses are incurred to fulfill obligations within the allocated appropriations. The financial statements also include expenses incurred from direct transfers by donors. The information presented in these explanatory notes is based on actual activities performed during the reporting period.

Below see certain deviations from the standards, explanations regarding business operations, and information on corrections made to the financial statements:

Assets and Liabilities

Assets and liabilities in the financial statements are classified as long-term and short-term:

The financial statements of NNLE Georgian Medical Holding are prepared based on the International Public Sector Accounting Standards (IPSAS), where economic events are recognized according to the accrual principle as soon as they occur, based on the provided primary accounting documents. Non-exchange transactions (donations) of assets (including goods and materials) received from donors (international organizations, foreign governments) and private legal entities are valued at the price determined by the supplier, which represents the real value of the assets for the organization. Assets received as donations from state units are recognized at the cost indicated in the primary accounting documents.

Material Assets and Long-term Low-Value Assets

Inventories are reported in the financial position statement at a value that includes all costs associated with their acquisition.

During the reporting period, the movement (receipt and issuance) of goods and materials mostly consisted of medical supplies and first-aid items acquired or received for transfer to subsidiary companies or for service provision. Compared to the previous year, the turnover of these goods was less intensive and lower in volume.

For the determination of write-offs of inventories based on cost, NNLE Georgian Medical Holding uses the FIFO method.

During the reporting period, there were operations involving the receipt and transfer of inventories as donations. Goods worth GEL 1,273,084.16 were received as a commodity grant, including goods worth GEL 1,176,702.44 from international organizations and GEL 96,381.72 from state entities. Additionally, as other income, goods worth GEL 201,569.39 were received from the private sector as medical supplies. Besides the receipt of goods, the holding also carried out operations involving the transfer of purchased and donated inventories to various state entities and subsidiary companies as donations—totaling GEL 225,576.42 worth of goods.

Fixed Assets

Fixed assets, as reflected in the financial statements for the reporting period, are presented in the balance sheet (Form N 1). For a better understanding of the financial statements, the analytical accounting of the receipt and disposal of non-financial assets is detailed in the explanatory notes (Note N 6, Note N 8, and Note N 11).

The fixed assets purchased/received for the entity's purposes, which are recognized in the financial statements, meet the criteria for recognition as assets, with an expectation of economic benefits or service potential being obtained and a reliable estimation of the asset's value. The purchased/received fixed assets are used in ongoing operations. The cost of fixed assets includes any expenses directly related to bringing the asset to its intended location and making it operational.

Basis of Valuation

The fixed assets received by NNLE Georgian Medical Holding meet the requirements set out in the standards. When preparing this consolidated financial statement, the initial (historical) cost has been used to recognize fixed assets, as budget organizations do not apply the revaluation method. The holding has recognized and valued its fixed assets at the original (initial) cost, following uniform methodological rules and principles.

Based on the International Public Sector Accounting Standards (IPSAS), the useful lives for the depreciation of fixed assets are applied as per the rules established by the instruction on accounting for depreciation/amortization of fixed assets (Minister of Finance's Order N 289, December 2, 2020). The depreciable value of fixed assets is allocated over the useful life of the asset. It should be noted that during the reporting period, the holding did not conduct the mandatory inventory, which would have allowed for the valuation of assets in operation at their actual value and the determination of their useful life. Due to the absence of an inventory, it was not possible to reassess the useful life of intangible assets or test them for impairment. Regarding this, the holding plans to conduct an inventory of the assets recognized in the financial statements in the next reporting period and will ensure compliance with the standards for fixed/intangible assets. Additionally, the inventory commission will check the assets recorded in off-balance-sheet accounts to assess their current condition and potential.

NNLE Georgian Medical Holding recognizes maintenance and repair expenses for fixed assets that do not increase the asset's value as expenses in its accounting. However, significant improvements to existing assets that substantially enhance their quality and extend their useful life are treated as capital improvements, which are recognized as asset purchases under the appropriate classification.

Given its core operations, apart from purchasing/receiving assets for its own use, the Holding also acquires assets for transfer to beneficiaries (such as rural doctors) and other entities (such as state clinics) under contracts related to state programs. These assets, which are purchased or received for transfer to other entities, are accounted for under the balance sheet account 1-27-4200. The holding does not apply depreciation to assets intended for transfer to other entities, in accordance with the standard's requirements. The receipt and transfer of these assets are detailed in Note

N 11 of the financial statements.

As previously noted, when receiving material assets and fixed assets through non-exchange transactions (i.e., free of charge), the standard requires them to be valued at their fair value. However, these assets have been recognized at

their acquisition cost as of the date of receipt. To save on budgetary assessment/expertise costs, since such valuation would incur additional expert fees, the holding deems it more efficient to apply the cost model for accounting for fixed assets. Specifically, contrary to the standard's requirements, the valuation and recognition of fixed assets acquired through non-exchange transactions are based on the cost specified in the primary accounting documentation.

Intangible Assets

In accordance with IPSAS standards, intangible assets are recognized as assets similar to fixed assets, where their use is expected to generate economic benefits or service potential, and their value can be reliably measured. The intangible assets recognized by the holding are used in current operations. However, due to the inability to conduct the mandatory inventory in 2023, the holding's balance sheet includes intangible assets that, based on their nature, do not meet the definition and criteria of an asset (identifiability, legal rights – right of use, ability to generate economic benefits, ability to control risks). NLE Georgian Medical Holding plans to review, assess, and test these intangible assets for impairment and, through a commission-based decision-making process, will identify and separate those assets that are not currently in use or that, based on their characteristics and useful life, do not meet the criteria for recognition as assets.

Financial Assets and Receivables

Financial assets and receivables are classified into short-term and long-term financial assets and receivables. These are measured at nominal value, with financial receivables mainly arising from prepayments.

Financial Liabilities

Liabilities are presented in the financial statement as financial obligations and payables, classified as short-term and long-term liabilities.

In December 2021, based on the requests from subsidiary clinics, NNLE Georgian Medical Holding provided an advance for equipment and rehabilitation amounting to GEL 27,157,972.00. The source of these funds was the Government of Georgia's resolutions N 2404, N 2134, and N 2405. According to the Government of Georgia's Decree N1689 dated September 16, 2022, clinics were allowed broader usage of these current funds. As of today, the subsidiary companies' receivables amount to GEL 26,651,536.45, which is reflected in the respective notes (Note 3, Note 6, Note 11, Note 4).

Budget and Actual Expenditure Comparison Report

The budget and actual expenditure comparison statement includes cash payment data classified by item. For the 2023 reporting period, the approved budget was set at GEL 40,000,000, the adjusted budget was GEL 38,629,737, and the actual cash expenditure amounted to GEL 38,604,084.11.

Taking into account all the above information and transactions, the positive cumulative balance of the surplus/deficit for the reporting period amounted to - GEL 38,595,452.20.

Chief Accountant

(signed)

Nina Kobaidze

Consolidated Units

1. LEPL Social Service Agency
2. LEPL National Health Agency
3. LEPL National Center for Disease Control and Public Health
4. LEPL Emergency Situation Coordination and Urgent Assistance Center
5. LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons
6. Administrative Unit
7. LEPL Agency For State Care And Assistance For the (Statutory) Victims of Human Trafficking
8. NNLE Georgian Solidarity Fund
9. NNLE Georgian Medical Holding
10. LEPL Information Technology Agency
11. LEPL State Employment Support Agency
12. LEPL State Agency for Regulation of Medical and Pharmasutical Activities
13. LEPL Labor Inspection Office
14. LEPL Akhlagori Children's Educational Institution
15. JSC "Infectious Pathology, AIDS, and Clinical Immunology Scientific-Practical Center" directly, without any compensation"
16. JSC "Sachkhere District Hospital-Polyclinic Association".

Appendix N1

In Gel

2023

Budget code	Description	The adjusted budget for the current year	Actual expenditures for budget code as a whole	Actual expenditures for current year Human capital program	Cumulative expenditure for the Human Capital program	Reference to the DLR
27 01 01	Policy development and management in the field of IDPs from occupied territories, labor, health and social affairs	13,711,095.00	13,806,478.16	356,880.00	455,721.00	1.2.1, 1.2.2, 1.3, 1.4, 2.2, 2.3, 4.2
27 01 02	Medical activity regulation program	6,923,399.00	6,906,382.39		420.00	1.3, 1.4
27 01 08	Management of employment promotion services	1,194,033.00	1,190,080.38	97,613.16	99,960.16	3.1.1;3.1.2;3.2
27 01 09	Management of health care programs	4,460,760.00	4,446,290.49	1,017,755.40	1,098,315.40	1.2.1, 1.2.2, 1.3
27 01 10	Development and management of information technology systems	9,304,022.00	9,359,817.06	528,303.54	786,838.54	1.2.1, 1.2.2, 1.4, 4.2
27 02 02	Social assistance of target population groups	1,367,898,550.00	1,367,757,423.94	164,500.00	198,420.00	1.5.1.
27 03 01	Universal health care	1,062,007,705.00	1,061,999,204.43	612,027,282.00	612,027,282.00	1.2.1, 1.2.2 ; 2.3
27 03 03 06	Treatment of patients with rare diseases and subject to permanent replacement therapy	32,182,844.00	32,182,843.57	645,858.06	645,858.06	1.3
27 03 03 07	Provision of primary and emergency medical care	186,382,565.00	186,722,544.05	90,500.00	116,750.00	4.3
27 03 03 10	Management of the novel coronavirus disease - COVID 19	33,115,642.00	32,707,634.22	43,200.00	69,700.00	1.4
27 05 01	Development of employment promotion services	761,299.00	760,958.39	552,581.52	623,919.35	3.1.1;3.1.2;3.2
27 05 03	Raising the professional	3,879,419.00	3,879,416.90	2,522,184.46	4,603,050.38	3.1.1,3.2

2025

	qualifications of job seekers					
27 05 04 01	Management of employment promotion for public works	4,185,984.00	4,182,876.99	1,260,357.95	1,260,357.95	3.1.1;3.1.2;3.2
	Total	2,726,007,317.00	2,725,901,950.97	619,307,016.09	621,986,592.84	

In GEL

2023

Source of additional funding of program	Program areas covered (description)	Current year	Cumulative to date
World Health Organization	DLR 1.4, 2,2 2.3,	172,500	172,500

Contact Information

Web Page and Social Media

<https://www.sao.ge/>
<https://aris.sao.ge/>
<https://www.budgetmonitor.ge/ka>
<http://www.blog.sao.ge/>
<http://www.sai.ge/main/>
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