

FINANCIAL (ACCOUNTING) STATEMENTS OF ROSSETI KUBAN, PJSC



**LYUDMILA
LOSKUTOVA**

Chief Accountant —
Head of the Department of Financial
Records, Accounts and Tax Returns

“ The accounting (financial) statement of Rosseti Kuban for 2022 was prepared under the laws of the Russian Federation. The Company received the auditor’s opinion that the statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, as well as its financial performance and cash flows in 2022, in compliance with the accounting (financial) reporting standards set in the Russian Federation.

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The accounting (financial) statements of Rosseti Kuban, PJSC were prepared in accordance with the accounting and reporting regulations applicable in the Russian Federation, in particular Federal Law No. 402-FZ dated 6 December 2011 “On Accounting”, Regulations on Accounting and Reporting in the Russian Federation approved by Order of the Russian Ministry of Finance No. 34n dated 29 July 1998 (with subsequent amendments and additions), Federal Accounting Standards approved by the orders of the Russian Ministry of Finance, as well as in accordance with Rosseti’s Corporate Standard “Uniform Corporate Accounting Principles for Book Purposes”.

The annual RAS financial statements of Rosseti Kuban for 2022 include (please see Appendix No. 4):

- Balance Sheet
- Profit and Loss Statement
- Statement of Equity Change
- Statement of Cash Flows
- Notes
- Auditor’s opinion

In accordance with the opinion of the internal audit of the Company on assessment of efficiency and quality of the external audit process of the financial (accounting) statements of Rosseti Kuban for 2022:

- procedures conducted by TsATR – Auditing Services, LLC in the course of the external audit of the RAS-compliant financial (accounting) statements of the Company for 2022 comply with the terms of the Agreement and the requirement of Federal Law On Auditing No. 307-FZ dated 30 December 2008
- independent auditor’s report on the Company’s 2021 financial (accounting) statements was prepared in accordance with Federal Law On Auditing No. 307-FZ dated 30 December 2008 and international auditing standards; the report contains an opinion on the entity audited (Rosseti Kuban, PJSC) expressed in the prescribed form

Basic Provisions of the Accounting Policy of Rosseti Kuban

The Company maintains its accounting records of fixed assets in accordance with Federal Accounting Standard FAS 6/2020 Fixed Assets approved by Order of the Russian Ministry of Finance No. 204n dated 17 September 2020. Items of fixed assets are entered into the books at their historical cost, which is determined according to the method of receipt, i.e., purchase for a fee, creation using own resources, construction, free of charge, etc.

Borrowing costs related to the formation of an investment asset (items of fixed assets, property complexes and other similar assets that require a large amount of time and expense to acquire and/or build) are included in the value of the depreciable asset.

Items of fixed assets are depreciated on a straight-line basis over their useful lives.

Profit or loss from the disposal, write-off and gratuitous transfer of fixed assets is recorded in the Profit and Loss Statement, within other income and expenses.

Fixed assets include the lease rights in accordance with the Federal Accounting Standard on Lease Accounting (FAS 25/2018), taking into account exemptions for leases with a term of less than 12 months or lease items with a market value not exceeding RUB 300,000. The useful lives of the lease rights are determined on the basis of the lease terms.

Stock accounting of the Company is in accordance with the Federal Accounting Standard on Stocks FAS 5/2019 approved by Order of the Ministry of Finance of the Russian Federation No. 180n dated 15 November 2019.

The accounting of revenue and other earnings is maintained by the Company in compliance with Russian Accounting Standards (PBU 9/99) “Income of the Organisation” approved by the Order of the Ministry of Finance of Russia No. 32n dated 6 May 1999.

The Company prepared provisions resulted from potential compensation payments for carry-over vacations, unsettled claims from power suppliers to compensate for losses and electricity transmission services, judicial proceedings and other payments to employees in accordance with PBU 8/2010 “Provisions, Contingent Liabilities and Contingent Assets” approved by Order of the Ministry of Finance of Russia No. 167n dated 13 December 2010.

The Company makes provisions for doubtful accounts receivable that are outstanding or highly unlikely to be repaid when due under the agreement and are not secured by relevant guarantees.

The Company holds a reserve for the impairment of financial investments in case of their sustained considerable decline in their value.

Prior Adjustments

In accordance with paragraph 50 of FAS 25/2018 Lease Accounting, the Company chose the option of a simplified transition method with a single recognition of the lease right and the lease liability at the beginning of the reporting period (end of the period preceding the reporting period). The value of the lease right recognition is assumed to be its fair value, the value of the lease liability is assumed to be the discounted value of the remaining lease payments outstanding discounted at the rate at which the Company has borrowed or could have borrowed funds on terms comparable to those of the lease.

Under the transitional provisions of FAS 6/2020 Fixed Assets, the Company made adjustments to the carrying amount of fixed assets by adjusting the useful life and accumulated depreciation of items of fixed assets in service. There was a one-off write-down of items of fixed assets, which were recognised in fixed assets under the previous accounting policy, but which under the new standard are not considered to be fixed assets.

The Company prepared consolidated financial statements in compliance with the requirements of Federal Law No. 208-FZ “On Consolidated Financial Statements” dated 27 July 2010 (Appendix No. 5).

Consolidated financial statements

The consolidated financial statements of Rosseti Kuban, PJSC and its subsidiaries for the year ended 31 December 2022 were prepared in accordance with Federal Law No. 208-FZ “On Consolidated Financial Statements” dated 27 July 2010 and in accordance with International Financial Reporting Standards IAS 1 “Presentation of Financial Statements”, IFRS 10 “Consolidated Financial Statements” and includes:

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information
- Independent auditor’s report

The consolidated financial statements include through consolidation two subsidiaries with 100% share of Rosseti Kuban in their authorised capital: Energoservice Kuban, JSC, Energetik Health Resort, JSC.

Auditor’s details

Rosseti, PJSC conducted an electronic tender on behalf of the Company for the right to enter into an agreement for services for the mandatory annual audit of RAS statements and the audit of IFRS statements of S&As of Rosseti, PJSC for 2022. The winner was the leader of the collective participant, TsATR – Audit Services, LLC (INN 7709383532), a member of the joint participant, Delovoy Profil Audit Company, JSC (INN 7735073914) (Minutes of the Tender Commission Meeting No. 7/468r dated 12 May 2022). TsATR – Audit Services, LLC is a member of the

Self-Regulating Organisation of Auditors — Commonwealth Association; it is included in the Register of Auditors and Audit Organisations of the said association under the primary registration No. 12006020327.

The Auditor was approved by the resolution of the annual General Meeting of Shareholders of Rosseti Kuban, PJSC (Minutes No. 48 dated 21 June 2022).

Full name of the audit firm:
Limited Liability Company Audit Technology
and Solutions Centre – Audit Services

Abbreviated name of the audit firm:
TsATR – Audit Services, LLC

Location and postal address:
77 Sadovnicheskaya Naberezhnaya, bldg 1,
Moscow, 115035, Russia

Tel./fax: +7 (495) 755-97-00

Website: b1.ru

The cost of services of the auditor of the Company – TsATR – Audit Services, LLC in 2022 for the audit of the RAS accounting (financial) statements and the audit of the IFRS consolidated financial statements of the Company was RUB 5,236,801.76, including 20% of VAT. There are no deferred and overdue payments for services rendered by the auditor.

During 2022, TsATR – Audit Services, LLC did not provide any related services to Rosseti Kuban, PJSC.