

# **INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT 31 December 2021**

**Welcome to NUST «MISIS»!**

**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology “MISIS”**

**INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR’S REPORT**

**31 December 2021**

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## MESSAGE FROM THE RECTOR

Dear Colleagues and Partners:



I am pleased to present the annual financial statements of NUST MISIS for 2021.

The National University of Science and Technology "MISIS" is a leading Russian university that has two key objectives: teaching new professionals and researching creation, introduction and applications of new materials and technologies. Its strategic goal is to make the greatest possible contribution to the Russian economy by enhancing the productivity of research and education.

NUST MISIS has demonstrated a high level of financial stability despite the pandemic of COVID-19 in 2021. The University's net assets increased by RUB 242 million reaching RUB 26,744 million.

The faculty are continuously improving the quality of the educational process, transforming curricula for all levels of students and designing new programmes. In 2021, the income of NUST MISIS from education services increased by RUB 158 million (+4.5%).

NUST MISIS is a leading national research centre. Last year, the University completed 580 research and development contracts for its business partners. Its aggregate income from R&D, technical consultations and intellectual property rights increased by RUB 413 million (+25.9%) and reached RUB 2,008 million.

In the rapidly changing world, digital transformation embraces all areas of human activity. Back in 2012, NUST MISIS started implementing the Digital University model to create personalised environments for applicants, students, faculty and other staff members – introducing new teaching technologies, transforming business processes, using digital tools in research and promoting digital services. Over RUB 270 million was allocated to the digitalisation programme in 2021.

The HR policy is an absolute priority for NUST MISIS. In the growing economy of knowledge, the quality of intellectual resources comes to the fore. Global automation and robotisation and the proliferation of high technologies reinforce the role of employees' creativity and professional growth.

According to Presidential Executive Order No. 597 of 07.05.2012 "On Measures To Implement the State Social Policy", the average salaries of faculty members ought to equal 200% of average salaries across the region. In 2021, the average salaries of faculty members equalled 213–294% of the average for respective regions. Staff payroll costs increased in 2021 by 5.6%.

NUST MISIS has gathered a strong and ambitious team of professionals and built productive relationships with academic and business partners, which helps the University to make a valuable contribution to the national projects of the Russian Federation.

Alevtina Chernikova

Rector  
NUST MISIS



## FINANCIAL REVIEW

### 1. Key Financial Results

The University is creating a stable financing model for its activities. This year, it received a positive net cash flow from operating activities of RUB 462,125 thousand, while total cash at the end of the year was RUB 3,276,486 thousand.

According to the statement of financial performance, sales revenue amounted to RUB 8,016,776 thousand having increased by RUB 27,418 thousand due to higher revenue from educational activities and R&D.

In 2021, the Moscow Arbitrazh Court ruled in favour of the University on the unfinished building received when it merged with the Moscow State Mining University in 2014. The founder provided support for final financial settlements in the form of a grant to pay the court-awarded expenses in the amount of RUB 286,545 thousand. Construction in progress is to be completed in the next years in accordance with the approved design of International Centre for Prospective Research.

The University's net assets in 2021 increased by RUB 241,921 thousand reaching RUB 26,744,416 thousand. Accumulated surplus grew by 16% and amounted to RUB 3,163,187 thousand. Current assets had a value of RUB 4,111,482 thousand, which mostly consisted of cash (80%) and financial investments from the Endowment Fund (12%). In 2021, the University reduced its liabilities to counterparties by 25%.

The current liquidity ratio of 2.58 shows that the University has a high level of liquidity to serve its current liabilities (current assets exceed current liabilities by 158%). Equity to assets ratio was 0.94 (standard ratio is 0.5 and higher), showing that the University is independent from external sources of funding.

### 2. Strategic Academic Leadership Programme

The goal of the strategic academic leadership program Priority 2030 is to form a large group of universities that will become leaders in creating new scientific knowledge, technology and developments to introduce into the economy and social sphere in Russia. The programme is aimed at integrating the educational process with the University's research, technology and innovation activities and creating a nurturing environment for personal development and successful self-realisation.

On 4 October 2021, the Presidium of the Council for Support of University Development Programmes chaired by Deputy Prime Minister of the Russian Federation Dmitry Chernyshenko announced which applicants were selected for the Priority 2030 programme. NUST MISIS was included in Group 1 of leaders of federal programme Priority 2030, in the subject-oriented part "Research Leadership".

The University received grants in the form of subsidies:

- a) core part – to increase the University's contribution to the social and economic development of Russian constituent territories and to carry out new creative, social and humanitarian projects (RUB 200 million for 2021-2022);
- b) subject-oriented part – for developing universities providing breakthrough scientific research and creating research-intensive products and technologies, strengthening the R&D talent pool (RUB 994.5 million for 2021-2022).

Under Priority 2030, NUST MISIS launched five strategic projects:

- "Quantum Internet" is aimed at creating the conditions for quantum technology to emerge from the laboratory to industry and competitive products with export potential. This project will help Russia to achieve high levels of skills supply security due to training of quantum engineers, i.e., cross-disciplinary specialists able to integrate knowledge of quantum physics, electronics and programming;
- "Biomedical Materials and Bioengineering" encompasses research in tissue engineering, biophysics, and targeted drug delivery, coupled with development of new technology and materials that enhance the effectiveness of medical treatment;
- "The Future Materials" capitalises on NUST MISIS's leadership in the area of new materials that are critical for innovation and economic development and for the design of new technologies demanded by the Russian economy;
- "Sustainable Technology" focuses on creating high-tech engineering solutions aimed at reducing man-caused impact on the environment, including carbon footprint, and training engineers for the new economy;
- "Digital Business" is aimed at serving the real sector: the University has set up research groups on artificial intelligence and a Big Data research centre, and quadrupled places available for students of digital technologies.

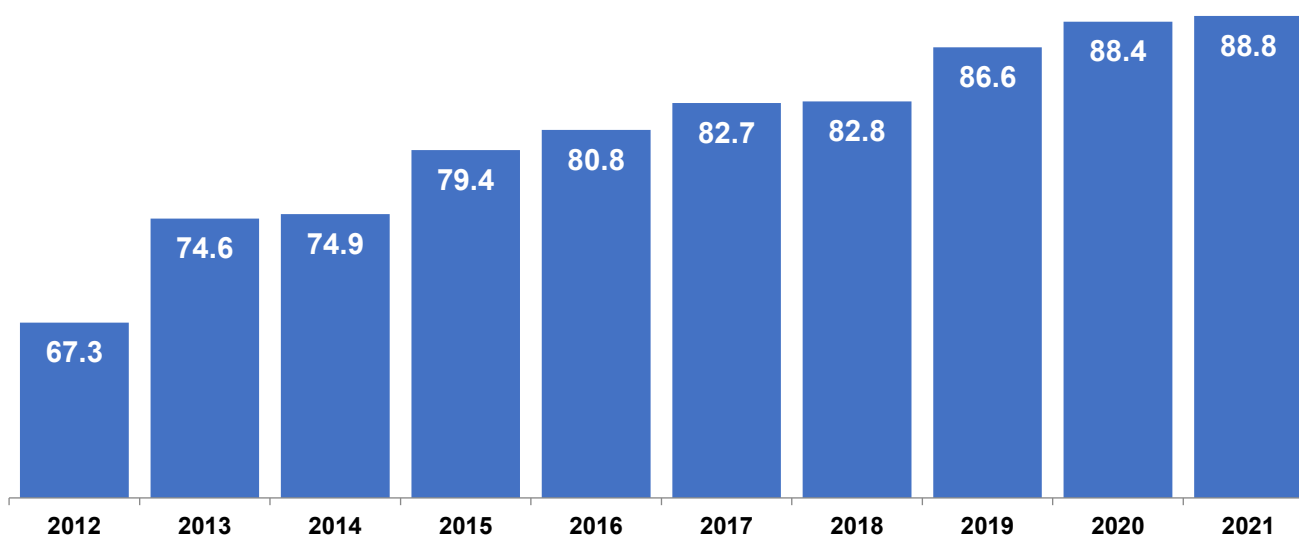
### 3. Educational services

In 2021, the University had 22,026 students, including 14,748 in higher education, 1,523 in secondary vocational education, and 5,755 in continuing vocational education.

Our University comprises six branches (four in the Russian Federation and two abroad) and one representative office abroad.

From year to year, the University attracts better prepared and more determined matriculating applicants. In 2021, the admissions campaign was the best for NUST MISIS. In 2012, the average grade of the Unified State Examination was 67,3 points, while in 2021, it reached 88,8 points out of 100.

Figure 1. Increase in average score of incoming NUST MISIS students on the Unified State Examination by year.

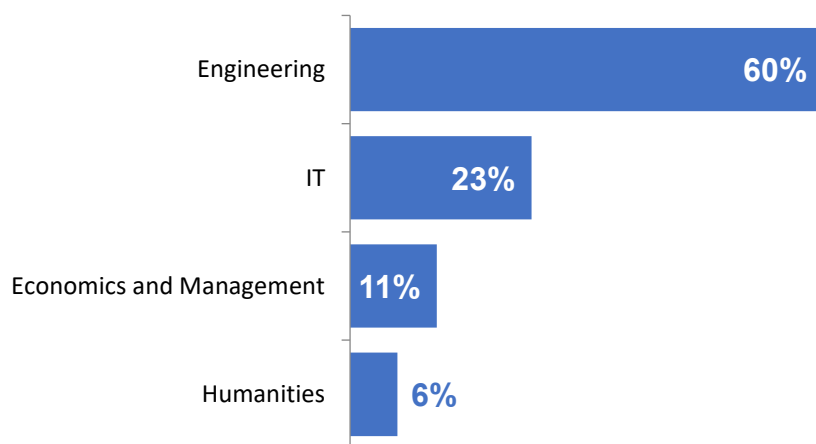


In 2021, the University adjusted its pricing policy by introducing a system of discounts (from 5% to 15% for applicants with USE scores of 80 and higher), which helped to increase the number of talented applicants enrolled in NUST MISIS on a commercial basis. The average USE score of commercial students has risen from 69.6 to 75.7.



NUST MISIS actively promotes Russian higher education abroad. As a result, over 16% of the University's students are international students from 85 countries. International students also study at the University's international branches in Tajikistan (Dushanbe) and Uzbekistan (Almalyk).

Figure 2. *Student body by field of study, 2021, %.*



In order to level up with the standardised costs set by the Russian Ministry of Science and Higher Education for public education services, the University upped the tuition fees for first-year students by 6.5% vs. 2020, while the fees for second-year and higher grades followed the inflation rate set in the federal budget for 2021 (3.7%). The tuition fees of NUST MISIS are competitive with other leading technical universities of Moscow.

Revenues in 2021 from educational programmes yielded RUB 3,603,132 thousand, an increase of RUB 88,205 thousand from 2020.



#### 4. Dormitories

The total floor space of the university's dormitories is 119,924 thousand square meters. The residence hall areas offer exceptional infrastructure for studies and leisure activities: computer labs, reading halls, athletic fields and facilities, a swimming pool, sports complex and recreational areas.

There are 11 dormitories in Moscow. They can house 6,408 students, which fully covers the University's demand. Dormitories at the University's branches can house up to 940 individuals.

For Russian government-supported students, the price of living in one of the NUST MISIS dormitories in Moscow varies from RUB 1,600 to RUB 2,470 per month, at the branches the dormitory fee varies from RUB 320 to RUB 842.42 per month. Low prices and comfortable conditions provide a distinct competitive advantage to our University.

Figure 3. *The Dom Kommuna dormitory.*



#### 5. Financial Support of Students

Students can receive financial support from the federal budget, University funds and the business community. In 2021, the total financial support provided to students equalled RUB 361,306 thousand, which is RUB 8,347 thousand higher than in 2020.

The opportunity to participate in cultural, sporting and recreational events is an important component in the creation of a well-rounded education at NUST MISIS. To support these endeavours, the University spent RUB 37,264 thousand in 2021, up 7% vs. 2020.

Figure 4. Online graduation party "MISIS at its Best".



Figure 5. Russian Students Day, 2021.





Figure 6. The Freshman Cup, 2021.



Figure 7. Graduation party at the College of Mining.



## 6. Research and Development

The amount of funds from R&D activities and technical services was RUB 2,001,748 thousand. The University provided additional funding of RUB 135,013 thousand for research and development from the academic leadership programme Priority 2030.



The University received 26% of its income from R&D, ensuring its sustainable development as a multi-profile research center. In 2021, the University's researchers published 1,695 articles that were included in the Scopus database. 975 articles were published in 1st and 2nd quartile journals included in Scopus (62% of total publications), of which 121 articles were ranked in top-10%. In 2021, the number of publications written in collaboration with leading foreign research centres was 40.4% (2014: 39.6%). Approximately as many (41% vs. 35.1% in 2014) were written in collaboration with scholars from leading Russian universities and the Russian Academy of Sciences.

In 2021, the College of New Materials and Nanotechnologies and the College of Environmentally Sound Technologies & Engineering were leading in terms of scientific research among the University's colleges.

Figure 8. Number of publications in Q1-Q2, Scopus, thousand.

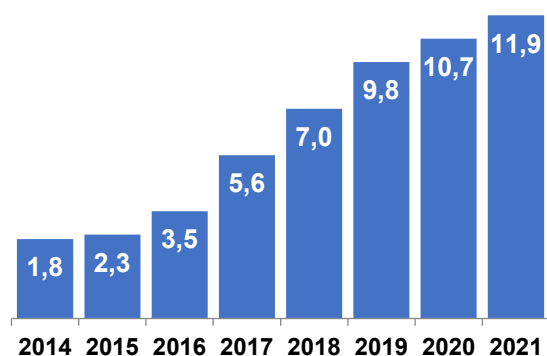
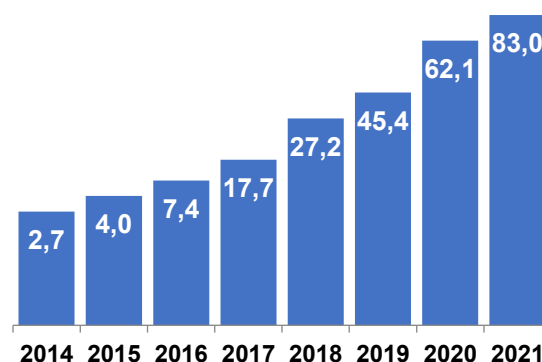


Figure 9. Number of Quotations per Academic Staff Member, Scopus.



## 7. Donations and Special Purpose Funding

Every year, the University receives support from individuals and legal entities in the form of donations and special purpose funding for research and academic projects. In 2021, the University received RUB 215,029 thousand, including non-cash support of RUB 1,017 thousand. This source of funding has increased by 1,5 times or by RUB 78,351 thousand.

Along with direct donations, the University's partners support it through the NUST MISIS Endowment Fund, a separate legal entity established in 2011. The primary purposes of the fund are:

- Supporting research and academic activities of young scientists involved in promising research and development work (special employee benefits, funding for equipment purchases and other costs related to research projects, payment for secondments, further education, business trips and other expenses)
- Financial assistance and funding for the activities of honoured teachers at NUST MISIS
- Financial assistance to young teachers who develop and implement advanced teaching methods, innovative projects and new educational technologies
- Assistance with commercialising the research results of honoured teachers, heads of research schools, young scientists, post-graduate and undergraduate students of NUST MISIS
- Funding for creating and maintaining a talent pipeline to the University
- Assisting its alumni of NUST MISIS activities
- Grants and scholarships for undergraduate and post-graduate students of NUST MISIS
- Developing communications for its alumni of NUST MISIS

The Fund's governing bodies are the Managing Board and the Board of Trustees.

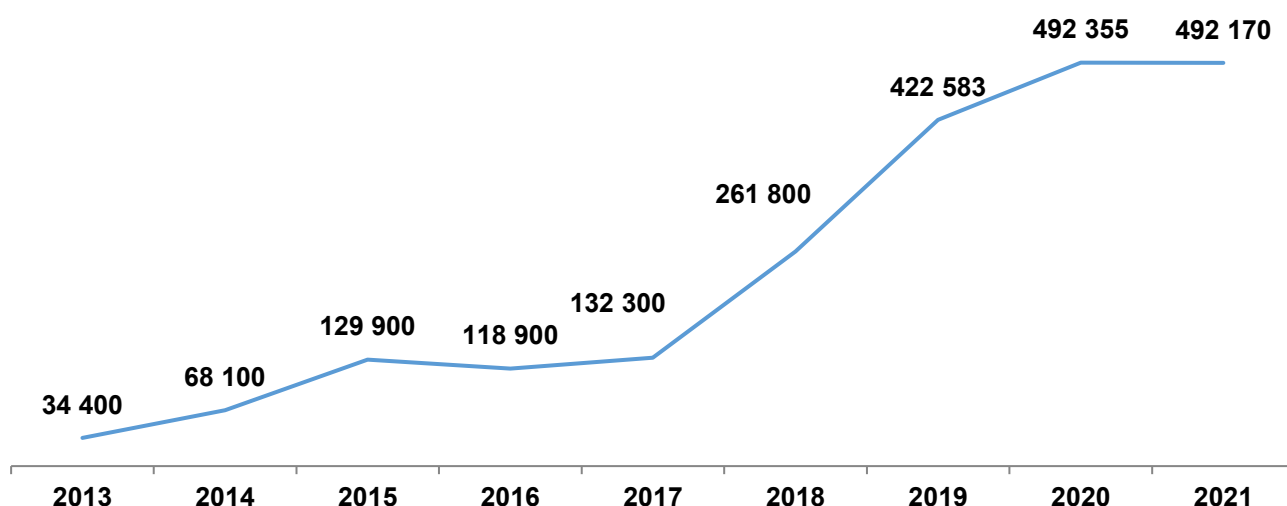
The Fund transfers the donations to management companies under trust management agreements. The NUST MISIS Endowment Fund has two endowments handled by management company AO "Gazprombank-Asset Management": Endowment 1 "NUST MISIS" and Endowment 2 "MISIS in top-100". The Fund's Management Board decided to set up Endowment 3 "named after V. V. Rzhnevsky", as recorded in minutes of the meeting of 13.07.2021 #26.

All the cash is invested in bonds (federal / subfederal), shares, and deposits.

*Table 1. Dynamics of key indicators of Endowment Fund.*

Indicator	2014	2015	2016	2017	2018	2019	2020	2021
Income from trust management, RUB (in thousands)	1,800	22,000	2,900	6,060	25,600	14,388	72,637	9,267
Annual yield, %	4.7	18.5	2.5	5.1	10.8	2.74	11.9	2.0
Year-end market value of net assets, RUB (in thousands)	68,100	129,900	118,900	132,300	261,800	422,583	492,355	492,170

*Figure 10. Year-end Market Value of Endowment Fund Net Assets, RUB (thousands).*



Income from trust management is used to support the projects of NUST MISIS, and the Fund is not allowed to spend more than 15% on administrative and management expenses.

In 2021, the following University endeavours received financial support from the Fund in the amount of RUB 41,241 thousand, including RUB 1,200 thousand for the Almalyk branch of NUST MISIS:

- Scholarship and grant programmes including the A.D. Deineko scholarship by TMK (established by Pipe Metallurgical Company PJSC), the V. A. Arutyunov scholarship (established by the Chairman of RUSNANO Management Board O.V. Kiselev), the E.F. Vegman scholarship (established by the GK “MetProm”), the V.A. Grigoryan scholarship, the A.A. Zhukovitsky scholarship, the Best MIS&S scholarship programme
- Rewards to the winners of KVN and contests “TurNIR” and “TurNIR OMK”
- Contests – “Student of the Year”, “Teacher of the Year”, and “Employee of the Year”
- Support with Science Days organised by NUST MISIS, Christmas Lectures at NUST MISIS, popular science show “Science Slam MISIS” at NUST MISIS, contest of research projects NUST MISIS – Rosatom State Corporation
- Set-up of a science podcast studio
- Interactions with alumni of NUST MISIS.

Figure 11. Awarding the winners of the "Undergraduate Student of the Year" contest.



Figure 12. Christmas lectures of Y.Y. Kovalev, professor, corresponding member, Russian Academy of Science.





Figure 13. Awarding the winners of the TurNIR contest.



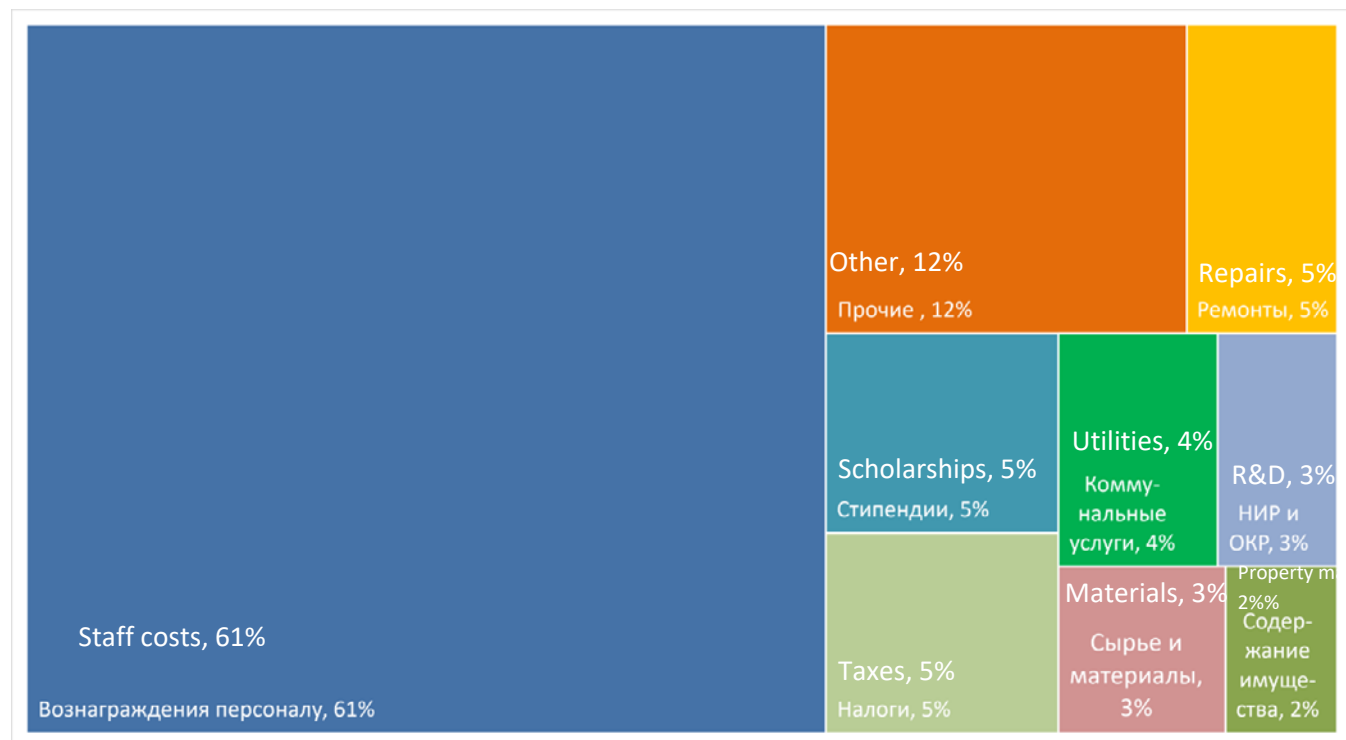
## 8. Operating Expense

In 2021, the University's operating expenses have increased by 5% to RUB 7,288,668 thousand. The biggest cost item is staff costs – 61%.

This line item has increased by 7% or RUB 287,050 thousand. Higher staffing costs were driven also by Presidential Executive Order No. 597 of 07 May 2012 "On Measures to Implement the State Social Policy" and the instructions from Deputy Chairman of the Russian Government T.A. Golikova No. TG-P12-718 of 1 February 2019. Average monthly salaries across all staff have risen by 9%, reaching RUB 132 thousand in Moscow, including salaries of RUB 175 thousand for the faculty.

The University's average headcount is 2,436 employees, including 600 employees at the University's branches.

Figure 14. Structure of operating expenses, 2021.



## 9. Investment Expenses

In 2021, the University spent RUB 950,302 thousand to create scientific labs and comfortable learning conditions and improve the campus territory, including:

- Major and minor repairs of RUB 373,782 thousand
- Training and scientific equipment of RUB 382,817 thousand
- Office and network equipment, furniture of RUB 193,703 thousand.

The University completed renovation of premises exceeding 5,000 square metres, including:

- To build an ultralow temperature measurement cluster and a submicrometric technology complex for the Superconducting Metamaterials laboratory of professor A.V. Ustinov
- For the Dom Kommuna laboratory of quantum communications of professor N.G. Golzman
- For the mineral analysis laboratory of associate professor T.I. Yushin
- For the research and training laboratory of hard-magnetic materials of associate professor V.P. Menushenkov
- Premises for the College of Economics & Industrial Management named after V.A. Roments.

Figure 15. Major projects financed in 2021.



## 10. Management's Responsibility for Financial Statements

University management is responsible for the preparation and fair presentation of the financial statements. The University's financial statements were prepared in accordance with IPSAS. The financial statements have been audited by independent auditors, AO PricewaterhouseCoopers Audit, renamed to "Technologies of Trust – Audit" JSC from 3 June 2022.

The University maintains internal controls over the financial statements, upon which the University's management believes that the published financial statements are reliable.

Internal control covers accounting and reporting, recruitment and training of University personnel, and internal audit procedures. The internal control system ensures reasonable reliability of financial statements, though no controls can fully rule out the human factor or potential override of controls.

The University provides internal and external auditors a free and full access to its financial information.

G. V. Timokhova  
Chief Financial Officer

S. L. Kalinina  
Chief Accountant







## Independent Auditor's Report

To the Supervisory Board of Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology "MISIS":

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### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology "MISIS" (the "University") as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

### What we have audited

The University's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of financial performance for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- The consolidated statement of comparison of budget and actual amounts for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

### Independence

We are independent of the University in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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### Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17 June 2022

Moscow, Russian Federation



D.P. Derevyankin is authorised to sign on behalf of the general director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906105186)







**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology "MISIS"  
Consolidated Statement of Financial Position  
(in thousands of Russian Roubles)**

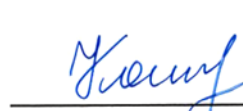
	Notes	31 December 2021	31 December 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,276,486	3,282,137
Investments in shares and bonds of Endowment Fund	9	485,281	492,890
Receivables and prepayments	8	318,477	284,150
Taxes and charges receivable		18,041	26,847
Inventories		-	37,159
Other assets	10	13,197	25,869
<b>Total current assets</b>		<b>4,111,482</b>	<b>4,149,052</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	24,034,283	24,273,930
Intangible assets	12	162,975	158,247
Investments in associates		17,502	52,192
Deferred tax assets		10,213	913
<b>Total non-current assets</b>		<b>24,224,973</b>	<b>24,485,282</b>
<b>TOTAL ASSETS</b>		<b>28,336,455</b>	<b>28,634,334</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	485,390	408,570
Advances received for exchange transactions	16	474,836	468,247
Advances received for non-exchange transactions	15	444,477	688,225
Provisions for future expenses and payments	17	4,937	321,176
Taxation	14	108,514	103,853
Income tax settlements with the budget		60,583	114,965
Other liabilities		13,304	26,803
<b>Total liabilities</b>		<b>1,592,041</b>	<b>2,131,839</b>
<b>Net assets</b>			
Balances and transactions with the founder	18	23,184,871	23,360,996
Accumulated surplus		3,163,187	2,715,795
Endowment Fund		396,356	425,704
<b>Total net assets</b>		<b>26,744,414</b>	<b>26,502,495</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>28,336,455</b>	<b>28,634,334</b>

Approved for issue and signed on 17 June 2022.

  
A.A. Chernikova  
Rector



  
G.V. Timokhova  
Chief Financial Officer

  
S.L. Kalinina  
Chief Accountant

**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology "MISIS"  
Consolidated Statement of Financial Performance  
(in thousands of Russian Roubles)**

	Notes	2021	2020
<b>Inflows (income)</b>			
Educational services	19	3,678,342	3,520,287
Research and development services	20		
		1,430,517	1,247,848
Subsidies for the development of the University	21	509,011	1,181,115
Subsidies for public interest events		309,492	476,423
Other revenue from transactions with assets	11	21,849	8,902
Lease and compensation of utilities costs		384,175	333,782
Other services		357,973	325,583
Subsidies for paying legally effective court-awarded expenses and writs of execution	17		
		286,545	-
Subsidies and donations for scholarships	22	336,545	315,280
Grants from research foundations	23	577,552	347,349
Donations for statutory activity		124,775	232,789
<b>Total inflows (income)</b>		<b>8,016,776</b>	<b>7,989,358</b>
<b>Expenses</b>			
Salaries and compensation under civil contracts, including social security contributions	24		
		(4,477,486)	(4,240,182)
Outsourced services	25	(1,540,584)	(1,515,319)
Depreciation and amortisation	12.11	(763,281)	(739,293)
Scholarships and transfers	22	(363,587)	(366,111)
Cost of raw materials and consumables used		(231,044)	(320,955)
Taxes and duties	27	(147,109)	(155,301)
Accrual of impairment provision for accounts receivable			
receivables		(51,458)	(1,471)
Accrual of provision for legal claims	17	(2,299)	-
Other expenses	26	(123,944)	(276,639)
<b>Total expenses</b>		<b>(7,700,792)</b>	<b>(7,615,271)</b>
Gain / loss on foreign exchange transactions		(1,215)	34,575
Participation in the results of associates and joint arrangements		(34,787)	35,985
<b>Surplus/(deficit) for the period before taxes</b>		<b>279,982</b>	<b>444,647</b>
Income tax	28	(62,366)	(172,910)
<b>Surplus/(deficit) for the period</b>		<b>217,616</b>	<b>271,737</b>

The accompanying notes on pages 6 to 50 are an integral part of these financial statements.

**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology "MISIS"  
Consolidated Statement of Changes in Net Assets  
(in thousands of Russian Roubles)**

	Notes	Balances and transactions with the founder	Accumulated surplus/ (deficit)	Endowment Fund	Total net assets
<b>Balance at 1 January 2020</b>		<b>23,233,034</b>	<b>2,569,339</b>	<b>398,527</b>	<b>26,200,900</b>
Surplus for the period	18	-	271,735	-	271,735
Depreciation of property, plant and equipment under operational management		(474,524)	474,524	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	604,430	(604,430)	-	-
Disposal of property, plant and equipment		(1,944)	1,944	-	-
Contributions to Endowment Fund	18	-	-	11,966	11,966
Revaluation of bonds	9	-	-	17,894	17,894
Revaluation of bonds – write-off of current period's deficit	9	-	2,683	(2,683)	-
<b>Balance at 31 December 2020</b>		<b>23,360,996</b>	<b>2,715,795</b>	<b>425,704</b>	<b>26,502,495</b>
Surplus for the period			217,616	-	217,616
Depreciation of property, plant and equipment under operational management	18	(454,237)	454,237	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	278,112	(278,112)	-	-
Contributions to Endowment Fund		-	-	35,483	35,483
Revaluation of bonds	9	-	-	(11,180)	(11,180)
Revaluation of bonds – write-off of current period's deficit	9	-	12,535	(12,535)	-
Use of Endowment Fund		-	41,116	(41,116)	-
<b>Balance at 31 December 2021</b>		<b>23,184,871</b>	<b>3,163,187</b>	<b>396,356</b>	<b>26,744,414</b>

The accompanying notes on pages 6 to 50 are an integral part of these financial statements.



**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology "MISIS"  
Consolidated Statement of Cash Flows  
(in thousands of Russian Roubles)**

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Tuition fees		3,603,132	3,514,927
Payments for research and development services		1,419,930	1,447,072
Received grants from research foundations		581,818	631,072
Rental revenue and compensation of utilities costs		431,063	400,297
Payment for public interest events		309,492	464,119
Subsidies and donations for scholarships		293,462	290,845
Received subsidies for the development of the University		288,746	1,241,462
Donations for statutory activity		177,300	86,681
Payment for other services and other revenue		359,305	243,009
including interest income		122,824	98,134
Other revenue from non-exchange transactions		286,545	-
<b>Total cash flows from operating activities</b>		<b>7,750,793</b>	<b>8,319,484</b>
Salaries and compensation under civil contracts, including social security contributions		(4,449,309)	(4,162,259)
Third party services paid		(1,568,394)	(1,722,626)
Scholarships and transfers paid		(341,121)	(332,927)
Raw materials and supplies paid		(210,289)	(222,046)
Taxes and levies paid		(241,010)	(251,117)
Other expenses paid		(66,995)	(159,873)
Income tax paid		(125,005)	(106,231)
Payments of court-awarded expenses, writs of execution		(286,545)	-
<b>Total cash flows used in operating activities</b>		<b>(7,288,668)</b>	<b>(6,957,079)</b>
<b>Net cash from operating activities</b>		<b>462,125</b>	<b>1,362,405</b>
Purchases of property, plant and equipment		(513,171)	(725,320)
Acquisition of investments held for sale	9	(600,856)	(820,965)
Proceeds from the sale of available-for-sale investments	9	617,960	792,368
Acquisition of intangible assets		(1,304)	(75,658)
Dividend income received		94	-
<b>Net cash flows used in investing activities</b>		<b>(497,277)</b>	<b>(829,575)</b>
<b>Cash flows from financing activities</b>			
Receipt of targeted contributions to Endowment Fund		34,847	11,452
<b>Net cash flows from financing activities</b>		<b>34,847</b>	<b>11,452</b>
Effect of exchange rate changes on cash and cash equivalents		(5,346)	87,020
<b>Cash and cash equivalents at the beginning of the year</b>	7	<b>3,282,137</b>	<b>2,650,835</b>
<b>Net change in cash</b>		<b>(5,651)</b>	<b>631,302</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>3,276,486</b>	<b>3,282,137</b>

The accompanying notes on pages 6 to 50 are an integral part of these financial statements.

**Federal State Autonomous Educational Institution of Higher Education  
The National University of Science and Technology "MISIS"  
Statement of Comparison of Budget and Actual Amounts  
(in thousands of Russian Roubles)**

	Budget		Actual amounts	Performance difference
	Initial	Final		
<b>REVENUE</b>				
Revenue from property	381,948	528,621	542,540	13,919
Revenue from fee-based services	2,898,626	2,400,450	2,488,573	88,123
Subsidies for fulfilment of public engagement				
	2,579,228	2,985,037	2,985,037	-
Gratuitous cash receipts	983,300	1,778,072	1,772,659	(5,413)
Revenue from interest, penalties and other enforced collections				
	1,500	5,321	5,386	65
Gains on transactions with assets	-	32	36	4
Other income	522	75,370	72,516	(2,854)
<b>Total income</b>	<b>6,845,124</b>	<b>7,772,903</b>	<b>7,866,747</b>	<b>93,844</b>
<b>EXPENSES</b>				
Salaries and compensation under civil contracts, including social security contributions	(4,315,561)	(4,589,707)	(4,449,309)	140,398
Purchases of services				
including:	(1,405,901)	(1,697,226)	(1,660,241)	36,985
Research and development services				
	(166,680)	(193,342)	(186,677)	6,665
Capital repair expenditures	(23,500)	(51,242)	(51,242)	-
Maintenance services	(533,556)	(459,850)	(447,450)	12,400
Utilities	(316,956)	(322,509)	(317,141)	5,368
Telecommunication services	(20,790)	(18,919)	(17,810)	1,109
Rent paid for the use of property	(903)	(4,406)	(4,325)	81
Transportation services	(2,919)	(1,467)	(932)	535
Other work and services	(340,596)	(645,491)	(634,664)	10,827
Acquisition of non-financial assets				
including:	(647,584)	(756,618)	(724,764)	31,854
Property, plant and equipment	(421,505)	(538,808)	(513,171)	25,637
Intangible assets	(271)	(1,354)	(1,304)	50
Inventories	(225,808)	(216,456)	(210,289)	6,167
Social security	(361,984)	(344,240)	(341,121)	3,119
Other expenses	(276,721)	(699,348)	(696,963)	2,385
<b>Total expenditure</b>	<b>(7,007,750)</b>	<b>(8,087,139)</b>	<b>(7,872,398)</b>	<b>214,741</b>
<b>NET PAYMENTS</b>	<b>(162,626)</b>	<b>(314,236)</b>	<b>(5,651)</b>	<b>308,585</b>

The accompanying notes on pages 6 to 50 are an integral part of these financial statements.

## 1. General Information

Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology MISIS" (hereinafter – "NUST MISIS" or the "University") was founded in conformity with the resolutions of the USSR Central Executive Committee and the Council of People's Commissars in 1930. In 2011, the University became an autonomous educational institution in accordance with the Order of the Russian Ministry of Science and Higher Education No. 1977 of 31 May 2011.

The University is a unitary not-for-profit entity established as a federal state autonomous institution to perform education, research, social and cultural functions.

The founder of NUST MISIS is the Russian Federation. The founder's powers and authority are exercised by the Ministry of Science and Higher Education of the Russian Federation.

The Ministry of Science and Higher Education grants subsidies to the University from the federal budget to finance execution of the public engagement, including maintenance costs of real estate and highly valuable moveable property assigned to the University by Rosimushchestvo or acquired by the University with the funding received from the founder for such acquisition, and payment of property taxes including land tax. The Russian Ministry of Science and Higher Education also provides the University with subsidies for other purposes, as appropriate.

Over the past 10 years, NUST MISIS has transformed from a specialised university not included in any global rankings into an international research university, top-500 in the global institutional QS rating and top-100 in QS and ARWU subject ratings.

In order to become an international research university performing world-class research and development NUST MISIS completed the Development Programme for Federal State Educational Institution of Higher Professional Education "The National University of Science and Technology MISIS" for 2009–2017". Total funding provided under the Programme was RUB 3.4 billion, including RUB 1 billion spent to buy research and study lab equipment in 2009-2013.

By 2013, NUST MISIS had built a strong foundation enabling it to participate in Project 5-100 to become a top-100 university in QS, THE and ARWU ratings. In accordance with Russian Government Resolution No. 211 "On Government Support to Leading Russian Universities in Order to Enhance their Competitiveness among Leading Global Research and Educational Centres" of 16 March 2013, and the Order of the Russian President No. 599 "On Policy Making in the Field of Education and Science" of 7 May 2012, as the winner of the tender for government support to leading Russian universities in order to enhance their competitiveness among leading global research and educational centres.

In 2013-2020, NUST MISIS annually exceeded most of its scientometric, educational and economic targets, which made it part of a group of leading national world-class universities and enabled it to build a new research, educational and administrative model that became a reference for Russian universities that do not participate in Project 5-100.

**The mission of NUST MISIS** is to become a global centre for engineering education and science. The university forms a creative, international university environment, trains researchers and specialists, fosters bright and successful members of the society who can work together to find viable solutions to the world's most pressing technical and scientific challenges for the benefit of us all.

## **1. General Information (Continued)**

The strategic goal of NUST MISIS is to make the greatest possible contribution to the economic development of Russia through creating and transforming economic sectors by means of world-class fundamental and applied research in materials, quantum technologies and biotechnologies, computer sciences and novel engineering solutions. In order to achieve its strategic goal, the University takes an active part in national projects of the Russian Federation.

The target model of NUST MISIS is designed to transform the University into a global leader in the relevant fields of specialisation and implies the following general characteristics:

- A generally recognised leader in certain fields of science
- A high rating both in subject rankings and overall rankings
- A gravity centre for the funding and best talents from all over the world in the relevant fields of specialisation
- Generator of innovations with high added value.

In order to enhance the University's competitiveness and transparency, it was decided to prepare consolidated financial statements under IPSAS.

The University offers higher and secondary vocational education programmes, and additional general education and professional programmes, and engages in fundamental and applied scientific research. NUST MISIS prepares experts in metals, nanotechnologies and new materials, information technologies, automated control systems, sustainable and energy-efficient technologies, economy and administration.

The University has over 40 research labs and 3 world-class engineering centres, hosting leading Russian and foreign scientists. NUST MISIS successfully carries out projects jointly with major Russian and foreign high-tech companies.

NUST MISIS (Moscow) is engaged in educational activities under main and additional professional education programmes of secondary vocational education and higher education, postgraduate professional education, additional professional education and additional general education programmes in the following areas: metallurgy, physics, electric power and electric engineering, mining, nanotechnology and microchips, applied mathematics, etc.

As at 31 December 2021 and 31 December 2020, NUST MISIS had four branches in the Russian Federation and a branch in Dushanbe (Tadjikistan) and a branch in Almalyk (Uzbekistan).

Stary Oskol Institute of Technology, a branch of NUST MISIS, offers higher educational services in the following areas: metallurgy, mining, construction, heat engineering, electrical engineering, applied informatics, etc.; secondary vocational education in the following areas: ferrous metallurgy, machine-building technology, mineral processing, etc.

Novotroitsk Branch of NUST MISIS offers higher education services in metallurgy, machine-building technology, energy engineering, chemical biotechnologies, etc.

Vyksa Branch of NUST MISIS offers higher education services in metallurgy, materials science and engineering, as well as secondary vocational education in IT, heat supply and operation of industrial equipment.

Gubkin Branch of NUST MISIS offers higher education services in mining, management and technosphere safety.



## 1. General Information (Continued)

In addition to educational activities, the University is engaged in extensive research and development. The key scientific areas in NUST MISIS are:

- Materials science and engineering
- Metallurgy and mining
- Nanotechnologies
- Information technology
- Biomedicine.

Endowment Fund was set up for NUST MISIS in 2011 as a special-purpose capital accumulation fund. Endowment Fund was set up exclusively with the purpose of gathering earmarked capital and distributing it to NUST MISIS to support research and academic activities. Since all the control criteria for Endowment Fund under IPSAS were met when it reached the target investment volume, the University has consolidated Endowment Fund that used to be a related party since 1 January 2018.

NUST MISIS has investments in associates with interest between 20% and 50%. As at 31 December 2021, the University had 23 associated companies (31 December 2020: 33 associated companies). Investments in associates are made to commercialise the University's R&D work. The University obtains interest in associates by

contributing the rights to use intellectual property for which the University has exclusive rights.

**Its registered and actual address is:** 4/1 Leninsky Prospect, Moscow, 119049, Russian Federation.

**Presentation and functional currency.** Unless stated otherwise, the presentation currency of these consolidated financial statements is the Russian Rouble, and all amounts are rounded to the nearest thousand. The functional currency is the currency of the primary economic environment in which the organisation operates. NUST MISIS's functional currency and presentation currency is the national currency of the Russian Federation, Russian roubles ("RUB").

Monetary assets and liabilities denominated in foreign currencies are translated into the University's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the end of the reporting period. Gains or losses on foreign exchange transactions are presented in a separate line item "Gain / loss on foreign exchange transactions" in the consolidated statement of financial performance. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

## 2. Operating Environment of the University

Despite the steady demand for the specialists trained by the University and its scientific activities, the future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the Russian Government to sustain growth, and to make amendments to the tax, legal and regulatory environment.

University management believes that it is taking all necessary measures to support sustainability and development of NUST MISIS in the current economic environment, and such state initiatives make the management confident in the University's mid-term and long-term development prospects.

## 2. Operating Environment of the University (Continued)

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to fluctuations in oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

In 2021, the persisting political tension escalated due to further development of the situation with Ukraine, which had a negative impact on commodity and financial markets and increased volatility at stock markets. Since December 2021, the situation has continued to deteriorate and remains highly unstable. There is an increased volatility on financial and commodity markets. Further sanctions and restrictions on the business activities of organisations operating in the region are expected. Implications of the sanctions for the economy as a whole, the impact on the Russian public sector, potential deficit of government contract financing, potential termination of investment, educational and research programmes are impossible to assess.

In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently relaxed; however, as of 31 December 2021, the global infection levels remain high, vaccination rate is relatively low, and there is a risk that the Russian authorities would impose additional restrictions in subsequent periods, including due to emerging new variants of the virus, such as omicron.

In 2021, the Russian economy demonstrated positive dynamics in recovery from the pandemic. This trend was also supported by the global economic recovery and higher prices on global commodity markets. However, higher prices on certain markets in Russia and globally also contribute to the inflation in Russia.

The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

Management is taking necessary measures to ensure sustainability of the Group's operations and provide support to its students, employees and customers, such as:

- Expanding the capabilities of digital services
- Receiving subsidies from the state
- Providing for long-distance learning for students.

### Development programme Priority 2030

Strategic Academic Leadership Programme Priority 2030 replacing the Competitiveness Enhancement Programme (Project 5-100) has become the largest state support project for Russian universities in history. Its goal is to have over 100 advanced, modern universities in Russia by 2030 that would become centres of excellence for the country's research, technological, social and economic development. Priority 2030 is aimed at reinforcing the universities' role in the research, technological, social and economic development of regions and the country as a whole.

On 24 June 2021, the Ministry of Science and Higher Education announced a contest for Russian universities to participate in Strategic Academic Leadership Programme Priority 2030 designed to support the evolution of higher education institutions under Russian Government Resolution No. 729 of 13 May 2021. Programme timeline: 2021 – 2030.

## 2. Operating Environment of the University (Continued)

NUST MISIS presented its 2021-2030 development programme for the contest. The results for subject-oriented subsidies from Priority 2030 were announced on 4 October at the meeting of the Praesidium of the Council for Support of University Development Programmes chaired by Deputy Prime Minister of the Russian Federation Dmitry Chernyshenko. The University was included in Group 1 of leaders of federal programme Priority 2030, in the "Research Leadership" category. It was also awarded the core part of subsidies under this programme.

In order to reach the strategic goal by 2030, NUST MISIS has launched five institutional changes:

1. A new project-based approach to learning using the POINT model that relies on the integration of science, technology, engineering, maths and communication skills:
  - Creating a unified learning environment with personalised learning journeys
  - Integration of science and education: engaging students in research and researchers in education.
2. Introducing a research professor track. The University will create differentiating conditions to attract researchers, teachers and practitioners and assist with their career growth as they can benefit from:
  - The University's strong international brand as a leader in European material engineering
  - Breakthrough research topics.
3. Organisation of technology transfer. NUST MISIS will create an innovative ecosystem for commercialising R&D, which would require a network of in-house laboratories, research centres and colleges, stronger contacts with the business community and a new incentive scheme for innovations and capturing the market's potential.
4. Creating an entrepreneurship ecosystem. NUST MISIS focuses on developing the entrepreneurial culture, engaging leading entrepreneurs as role models, making entrepreneurship a part of education as an end-to-end skill for 100% students, setting up business incubators and technoparks and supporting entrepreneurial projects, hackathons and forums.
5. Creating an International Centre for Prospective Research that will become a new format for Russia to attract and collaborate with researchers on the NUST MISIS campus. The Centre will be equipped with research laboratories for development and fundamental research activities, workshop rooms, a new media centre, coworking and conference centres.

### ***NUST MISIS in rankings:***

#### **QS World University Ranking**

- In 2021, NUST MISIS ranked 487 in QS World University Ranking.

#### **QS ratings by subject:**

- Up from 42 to 28 in the international QS World University Ranking by Subject "QS Engineering – Mineral&Mining". For "Employer branding" the University ranks 7th in the world
- Stayed in the top-51-100 group by subject: "QS Engineering – Petroleum"

## 2. Operating Environment of the University (Continued)

- Entered the top-150 list of world's best universities in "QS Materials Science" in the 101-150 range (in 2021 it was in the 151-200 range). For "Employer branding" the University ranks 68th in the world;
- Retained its positions in the 201-250 range in "QS Engineering – Mechanical, Aeronautical & Manufacturing" and 251-300 in "QS Physics & Astronomy";
- Improved its position in QS Engineering - Electrical & Electronic from 451-500 to 401-450;
- Retained its position in the 401-450 range in "QS Chemistry".

### QS ratings by industry:

- Improved its positions in "QS Engineering & Technology", 16 points up from 285th to 269th in the world;
- Entered the top-300 group in "QS Natural Sciences" ranking 295th (2021 – 311).

### ARWU international ranking:

- Secured its position in the 51-75 group in "Metallurgy & Engineering";
- Retained its position in the 301-400 range in "Materials Science & Engineering";
- Retained its position in the 301-400 group in "Nanoscience & Nanotechnology";

### International ranking "The Three University Missions":

NUST MISIS is included in eight rankings by subject, in five of which it is in the top-10 Russian universities:

- Materials technology – 1st;
- Geology – 4th;
- Oil and gas – 4th;
- Machine-building and robotics – 5th;
- Physics – 10th.

## 3. Summary of Significant Accounting Policies

### 3.1. Basis of preparation

The consolidated financial statements for the year ended on 31 December 2021 were prepared in accordance with IPSAS. Where there were no specific requirements in IPSAS, we applied IFRS.

The principal accounting principles applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in the consolidated financial statements to all the periods presented, unless otherwise stated (refer to Note 4 for new and amended standards adopted by the University).

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### 3. Significant Accounting Policies (Continued)

#### 3.2. Associates

Associates are entities over which NUST MISIS has significant influence (directly or indirectly), but not control, generally accompanying a share of between 20 and 50 percent of the voting rights. Investments in associates are recorded using the equity method. Under the equity method, investments in associates are carried in the statement of financial position at cost plus NUST MISIS' share in the profit (loss) of the investees after their acquisition date.

Goodwill on the associates is included in the carrying value of investments.

The share in the financial result of associates is recorded in the consolidated statement of financial performance. When changes are recognised directly in the net assets of associates, NUST MISIS recognises the corresponding share and discloses it in the consolidated statement of changes in net assets.

The share in the profit (loss) of associates represents profit or a loss after taxes and non-controlling interest in the subsidiaries of the associate.

The financial statements of associates are prepared for the same reporting period as the financial statements of NUST MISIS. If an associate uses accounting policies other than those approved by NUST MISIS for similar transactions and events which occurred in similar circumstances, then appropriate adjustments are made to ensure compliance of the associate's financial statements with the NUST MISIS accounting policies.

**Disposal of associates.** If NUST MISIS loses significant influence on its associate, it evaluates and recognises the remaining investments at fair value.

#### 3.3. Cash and cash equivalents

NUST MISIS includes in cash: cash on hand, balances on accounts with the Russian Federal Treasury, and cash balances in bank accounts. Cash held at on demand bank accounts and other short-term highly liquid investments with original contractual maturities of three months or less are included in cash equivalents. Interim order cash (or restricted cash) is included in other assets. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

#### 3.4. Financial assets

##### 3.4.1. Initial recognition and measurement

IPSAS 29 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: financial assets at fair value through surplus or deficit; loans and receivables; investments held-to-maturity and financial assets held for sale. NUST MISIS classifies its financial assets upon their initial recognition.

The financial assets of NUST MISIS consist of cash, accounts receivable and investments available for sale.

##### 3.4.2. Subsequent measurement

A financial asset's subsequent measurement depends on classification.



### 3. Significant Accounting Policies (continued)

#### 3.4. Financial assets (continued)

**Accounts receivable.** Trade and other receivables are carried at amortised cost using the effective interest method less impairment losses. Impairment losses related to trade and other receivables are carried through surplus or deficit.

NUST MISIS's accounts receivable represent:

- Settlements with payers of income on property
- Settlements with payers of income on fee-based services, including educational services and R&D
- Settlements on subsidies to implement government engagements and other objectives
- Settlements with payers of other income.

**Available-for-sale investments.** Available-for-sale investments include investments of Endowment Fund in quoted shares and bonds and are recorded in the line item "Investments in shares and bonds of Endowment Fund". Available-for-sale investments are carried at fair value. Fair value of financial assets traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by NUST MISIS.

Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in surplus (deficit) for the year as investment income from Endowment Fund's investments. Dividends income on investment in available-for-sale financial instruments are recorded in surplus or deficit for the year in line item "Investment income on Endowment Fund's investments", when the right of NUST MISIS to receive these payments is established and it is highly probable that the dividends will be received. Other changes in fair value are recorded directly as changes in Endowment Fund's cash balance in the consolidated statement of changes in net assets until investment is derecognised or impaired, when the amount of accumulated profit or loss is transferred from the Endowment Fund to surplus or deficit for the year.

Impairment losses on available-for-sale investments are recognised in surplus or deficit for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of these assets. A significant or prolonged decline in the fair value of investments below their cost is an indicator that they are impaired. Accumulated impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in surplus or deficit – is reclassified from Endowment Fund earmarked capital to surplus or deficit for the year upon disposal of available-for-sale investments.

Impairment losses on equity instruments are not reversed and any subsequent gains are recognised within the funds of the Endowment Fund in the Statement of Changes in Net Assets. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus/(deficit), the impairment loss is reversed through current period's surplus/(deficit).

### **3. Significant Accounting Policies (continued)**

#### **3.4. Financial assets (continued)**

##### **3.4.3. Impairment of financial assets**

At each reporting date, NUST MISIS assesses the availability of objective indicators that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets are impaired only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event"); and such loss event has an impact on the estimated future cash flows on the financial asset or group of financial assets that can be reliably estimated.

The following criteria are used to determine whether there is objective evidence that an impairment loss has occurred:

- The debtor or a group of debtors experiences a significant financial difficulty;
- Non-payment or delay in payment of interest and principal;
- The University receives information suggesting a measurable reduction in expected future cash flows (for example, increased number of payment delays).

##### **Impairment of financial assets carried at amortised cost**

As regards financial assets carried at amortised cost, NUST MISIS initially assesses individually whether there is objective evidence of impairment of those financial assets which are significant. Those financial assets which are not significant are assessed collectively.

If NUST MISIS determines that there is no objective evidence of impairment of an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Individually assessed assets where an impairment loss has been recognised or continues to be recognised are not included in the group of assets for collective impairment assessment. If there are objective indications of impairment, the impairment loss is calculated as the difference between the asset's carrying amount and the present value of expected cash flows (which exclude future credit losses that have not been incurred). The present value of expected cash flows is determined inclusive of the initial effective interest rate on the financial asset. The carrying amount of the asset is reduced by impairment provision, and loss is recognised in income or expenses for the period. If receivables are uncollectable, they are written off against the related impairment provision.

##### **3.4.4. Derecognition of financial assets**

NUST MISIS derecognises a financial asset or, if applicable, a part of financial asset, or a part of a group of similar financial assets when:

- the assets expire or the contractual rights to cash flows from these financial assets are waived;
- NUST MISIS transfers a financial asset and the transfer meets the following derecognition criteria: (a) it transfers contractual rights to cash flows from the asset; or (b) NUST MISIS reserves contractual rights to cash flows from the asset while assuming contractual obligations to repay cash flows to one or several beneficiaries under the contract.

### 3. Significant Accounting Policies (Continued)

#### 3.5. Financial liabilities

##### 3.5.1. Initial recognition and measurement

Financial liabilities are classified under IPSAS 29 "Financial Instruments: Recognition and Management" as financial liabilities at fair value through surplus or deficit. NUST MISIS determines the classification of financial liabilities at initial recognition. All financial liabilities are initially recorded at fair value. NUST MISIS' financial liabilities include payables.

##### 3.5.2. Subsequent measurement

A financial liability's subsequent measurement depends on its classification.

**Accounts payable** Accounts payable are accrued when the counterparty performed its contractual obligations and are carried at amortised cost using the effective interest method.

NUST MISIS payables include:

- Amounts payable for purchase of goods and services
- Amounts payable for purchase of property, plant and equipment
- Amounts payable for purchase of inventories
- Settlements on other expenses.

##### 3.5.3. Derecognition

Financial liabilities are derecognised when they are settled, cancelled or expired. If an existing financial liability is replaced by another liability to the same creditor on significantly different terms, such replacement or change is recorded as derecognition of the initial liability and recognition of a new liability. The difference between the carrying amount of the initial and new liability is recognised in the financial result for the period.

#### 3.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 3.7. Inventories

Since there are no actual warehouses, inventories are recognised upon acquisition within expenses as incurred in the ordinary course of the University's business.

#### 3.8. Property, Plant and Equipment

An item of property, plant and equipment should be recognised within assets only if: (a) it is probable that the organisation will receive future economic benefits or value in use associated with this asset; and (b) the fixed asset cost or fair value can be reliably estimated.

**Initial recognition.** Property, plant and equipment received as a result of exchange transactions are initially recognised at the acquisition cost.

### 3. Significant Accounting Policies (Continued)

#### 3.8. Property, plant and equipment (continued)

**Property, plant and equipment under operational management.** Property, plant and equipment include immovable, highly valuable movable and other movable property and land plots transferred to NUST MISIS for use in perpetuity, which the University manages to the extent allowed by law and in accordance with the University's purposes, the property's intended use and upon consent of the owner of the property.

In accordance with Federal Law No. 174-FZ of 3 November 2006 "On Autonomous Institutions", the owner of the property is the Russian Federation. Under Article 296 of the Russian Civil Code, the property owner can: remove any excessive, unused or inappropriately used property assigned to NUST MISIS or acquired by NUST MISIS from funds provided by the owner to purchase the property. The owner of the property removed from NUST MISIS can dispose of such property at its discretion. The property owner is not liable for the obligations of NUST MISIS.

Property, plant and equipment received from non-exchange transactions are initially measured at fair value at the date of obtaining control over the PPE. Property, plant and equipment received for operative management are recognised as assets in correspondence with income in the reporting period when the PPP were received (acquired).

At the date of the first-time adoption of IPSAS, the University decided to carry land plots at their cadastral value, which was adopted as deemed cost. Immovable property was carried at fair value. Fair value of the property, plant and equipment was adopted as deemed cost.

**Subsequent measurement.** Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment loss. Costs of minor repairs and maintenance are expensed when incurred. Property, plant and equipment modernisation costs are capitalised.

**Depreciation and useful lives of property, plant and equipment.** Depreciation is calculated using the straight-line method to allocate the assets' cost to their liquidation values over their estimated useful lives:

Residential buildings	20-100 years
Non-residential buildings	20-99 years
Machinery and equipment	1-30 years
Production and maintenance tools	1-30 years
Structures	15-25 years
Vehicles	5-15 years

Land plots and investments in construction in progress are not depreciated.

The liquidation value of an asset is the estimated amount that NUST MISIS would currently obtain from disposing of the asset, less estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation starts when an asset is ready for use, i.e. when it is at the destination point and is in the condition suitable for use per management intentions. When a PPE item is standing idle, or is not actively used, and is held for disposal, then depreciation is charged until the asset's residual value reaches its liquidation value.

### 3. Significant Accounting Policies (Continued)

#### 3.8. Property, plant and equipment (continued)

**Derecognition.** NUST MISIS derecognises property, plant and equipment within assets upon disposal or when no future economic benefits or potential value in use are expected from their use or disposal.

Income or expenses arising on derecognising property, plant and equipment (defined as the difference between net proceeds from disposal, if any, and the carrying amount of the PPE item) is included in income or expenses for the reporting period.

#### 3.9. Advances issued for construction and acquisition of property, plant and equipment

Advances issued for construction and acquisition of property, plant and equipment represent prepayments to contractors in the form of advance payments for construction in progress and as advances for the acquisition of PPE. Advances issued for construction and acquisition of PPE are carried at fair value.

#### 3.10. Intangible assets

**Initial recognition.** An intangible asset shall be recognised only when: (a) it is probable that the organisation will receive future economic benefits or value in use associated with this asset; and (b) the fixed asset cost or fair value can be reliably estimated.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use.

Intangible assets received from non-exchange transactions are initially recognised at fair value at the acquisition date.

The patents, software products, know-hows and the website developed by the University are capitalised in the amount of expenses incurred since the intangible asset first met the above criteria. The cost of an intangible asset developed by the University includes all direct expenses required to develop, produce and prepare the asset for use per management's intentions. The University shall not include in the cost of intangible assets any expenses that were recognised previously as expenses.

**Subsequent measurement.** All the intangible assets of NUST MISIS have limited useful lives. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortization and useful lives of intangible assets. Intangible assets are amortised on a straight-line basis over their useful lives:

Patents	1-5 years
Software	1-5 years
Know-how	1-5 years
Internet website	1-5 years
Right to use education platforms	7 years

An asset starts to be depreciated when it becomes ready for use, i.e. when its location and condition ensure its operation in accordance with management intentions. Amortisation is included in the financial result for the period.



### 3. Significant Accounting Policies (Continued)

#### 3.10. Intangible assets (continued)

**Derecognition.** NUST MISIS derecognises intangible assets within assets upon disposal or when no future economic benefits or potential value in use are expected from their use or disposal. Income or expenses arising on derecognition of intangible assets (defined as the difference between net proceeds from disposal and the carrying amount of the asset) is recognised in the financial result for the reporting period.

#### 3.11. Construction in progress

Construction in progress represents investments in construction in progress to be further used for the goals and objectives of NUST MISIS. Assets under construction are not depreciated. NUST MISIS' construction in progress includes but is not limited to assets under construction financed under the Federal Targeted Investment Programme (FTIP).

#### 3.12. Impairment of non-financial assets

**Impairment of cash generating assets.** Cash generating assets are those assets that are held primarily for receiving income from commercial activities. At each reporting date, NUST MISIS assesses whether there is any indication of impairment. When such indication exists or when there is a requirement to perform annual asset impairment tests, NUST MISIS determines the asset's recoverable value. The recoverable value of an asset represents the higher of: 1) fair value of an asset or cash generating unit (CGU) less costs to sell and 2) its value in use. Recoverable value is determined individually for each asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount of the CGU that owns the asset is determined. If the recoverable value of an asset or CGU is lower than their carrying amounts, the carrying amount is reduced to the asset's recoverable value. Impairment losses are immediately charged to income or expenses for the period. In assessing value in use, the estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks inherent in the asset.

The fair value less costs to sell value is determined with reference to observable market deals (if any). If such deals cannot be identified, the fair value less costs to sell is determined based on the best available information. Impairment losses on continuing operations, including impairment of inventories are recognised in the consolidated statement of financial performance in the categories of expenses that reflect the nature of impaired assets. At each reporting date, the University determines whether there is any indication that previously recognised impairment losses have reduced or no longer exist. If such indication exists, then NUST MISIS assesses the recoverable value of the asset or CGU. Previously recognised impairment losses are reversed only if there was a change in the estimates previously used to determine the recoverable value since the latest impairment loss recognition. The carrying amount of an asset increased by reversing impairment loss should not exceed the carrying amount that would be established (less amortisation), had the asset impairment loss not been recognised previously. The reversal of an asset impairment loss is recognised as a lumpsum in surplus or deficit.

### 3. Significant Accounting Policies (Continued)

#### 3.12. Impairment of non-financial assets (continued)

**Impairment of non-financial assets not generating cash.** Assets not generating cash are such assets that are not attributable to cash generating assets. At each reporting date, NUST MISIS identifies all indications of potential impairment of non-financial assets. When such an indication is identified, NUST MISIS estimates the recoverable value in use. The recoverable value in use is the higher of its fair value (less costs to sell) and its value in use. If the carrying amount of an asset exceeds its recoverable value, the asset is considered impaired, and its value is reduced to recoverable value. The difference is an impairment loss and is carried as a lumpsum within the current period financial result.

To measure an asset's value in use, NUST MISIS uses the depreciated replacement cost method. In accordance with this method, the asset's discounted remaining value in use is deemed equal to its depreciated replacement cost. The depreciated replacement cost is calculated as the difference between the cost of reproduction or replacement cost of an asset, whichever is lower, and accumulated depreciation determined based on such value, to reflect the asset's consumed or remaining value in use.

The fair value less costs to sell is determined based on the asset's price set in the binding sale agreement between independent, informed and willing parties, adjusted for additional costs directly attributable to the disposal of the asset. If the bidding sale agreement is not in place, but the asset is traded in a active market, then the fair value less costs to sell is the asset's market value less costs of disposal. In the absence of a binding sale agreement or active market for the asset, NUST MISIS determines the fair value less costs to sell based on the best available information.

At each reporting date, NUST MISIS determines whether there is any indication that an asset impairment loss recognised in previous periods no longer applies or has been reduced. When any such indication is found, NUST MISIS estimates the asset's recoverable value in use. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount since the latest impairment loss recognition. In such case, the asset's carrying amount should be increased to its recoverable value.

Gain on the carrying amount of an asset attributable to reversed impairment loss should not exceed the carrying amount that would be established (less amortisation), should the asset impairment loss had not been previously recognised. The reversal of an asset impairment loss is recognised as a lumpsum in surplus or deficit.

#### 3.13. Provisions

Provisions are recognised, if NUST MISIS has current obligations (legal or constructive) as a result of certain events in the past and it is probable that an outflow of resources embodying economic benefits or value in use will be required to settle the liability, and a reliable estimate of the amount of the liability can be made. Where NUST MISIS expects that some or all amounts required to settle a provision will be received, e.g. under an insurance contract, such amount is recognised as a separate asset only if the University is certain that the amount will be received. Expenses attributable to provisions are recognised in the consolidated statement of financial performance less reversal.

### 3. Significant Accounting Policies (Continued)

#### 3.13. Provisions (continued)

**Contingent liabilities.** NUST MISIS does not recognise contingent liabilities but discloses any contingent liability in the notes to the consolidated financial statements if the likelihood of an outflow of resources embodying economic benefits or value in use is remote.

**Contingent assets.** NUST MISIS does not recognise contingent assets but discloses information on contingent assets in the Notes to consolidated financial statements, when it is probable that the entity will receive future economic benefits or value in use associated with the asset. Contingent assets are periodically reviewed to ensure that relevant changes are appropriately reflected in the financial statements. If it is practically guaranteed that future economic benefits will be received or value in use will be created, and an asset can be reliably estimated, then the asset and respective income are recognised in the financial statements in the period when the change took place.

#### 3.14. Revenue from non-exchange transactions

Non-exchange transactions are those where the entity either receives valuables from another entity without providing consideration of approximately equal value or transfers valuables to another entity without receiving consideration of approximately equal value. In the event of non-exchange transactions NUST MISIS receives resources for free or for a symbolic compensation. Resources received from non-exchange transactions (except for services-in-kind) that meet the asset's definition are recognised as an asset only when:

- (i) it is probable that as a result of using the resources, the organisation will receive future economic benefits or value in use (service potential); and
- (ii) the asset's fair value can be measured reliably.

Resources received from a non-exchange transaction and recognised as an asset should be recognised as revenues to the extent such resources exceed the financial liability which is recognised against such resources. Any asset acquired through a non-exchange transaction is initially recognised at fair value at the acquisition date. If NUST MISIS recognises an asset as a result of a non-exchange transaction, then it also recognises revenues equivalent to the asset measured under IPSAS 23 "Revenue from Non-Exchange Transactions (taxes and transfers)", p. 42, unless it does not also require liability recognition. The amount recognised as a liability should represent the best estimate of the amount necessary to meet the current obligation at the reporting date. The estimate should account for risks and uncertainties associated with the event resulting in liability recognition.

The main types of revenues from the non-exchange transactions of NUST MISIS include:

**Subsidies for the development of the University.** Subsidies for development represent public funds received by the University from its founder for no consideration to be used for the purposes provided in the contract (agreement) for subsidies.

The funding received by the University is spent to develop advanced education programmes and technologies, conduct research under Russian basic research support programme, as well as on international priorities in fundamental and applied research, building a modern infrastructure and governance system.

### 3. Significant Accounting Policies (Continued)

#### 3.14. Revenue from non-exchange transactions (continued)

Subsidies for the development of the University financed by subsidies for fulfilment of public engagements are recognised within revenue from non-exchange transactions in the amount specified in the agreement signed with the Russian Ministry of Science and Higher Education.

Subsidies for the development of the University financed by subsidies for other purposes are recognised within revenue from non-exchange transactions in the amount specified in the agreement signed if there is information that the conditions for the subsidy have been met, or if such information is not available – as obligations stipulated in the related contract (agreement) are discharged, in the amount of expenses incurred.

**Subsidies and donations for scholarships.** Budgetary funds received in the form of a subsidies for student scholarships, and other payments from budgets of all levels (including budgetary funding for fulfilling public obligations) or from legal entities that are subsequently allocated to payments to students, are recognised within revenues when the University accrues scholarships and other benefits to students. Funds received by the University to pay personal scholarships are recognised as revenue in the amount specified in the agreement signed if there is information that the conditions for the subsidy have been met or there is an appropriations report, or if such information is not available – as obligations stipulated in the related contract (agreement) are discharged, in the amount of expenses incurred.

**Donations for operations under the Charter.** To carry out its activities prescribed by the Charter, the University receives voluntary donations from legal entities and individuals, and subsidies from the budget of Moscow city. Donations are allocated to support the University's operation and development, carry out the educational process, and improve the material and technical base. The voluntary donations and subsidies received by the University during the reporting period are used in accordance with their contractual purposes and recognised within revenue for the period in full. Subsidies for statutory activities are recognised in a manner similar to subsidies for the development of the University.

**Subsidies for fulfilment of public engagements spent on construction, renovation and acquisition of property, plant and equipment.** To finance public engagements, the University receives funding for construction, renovation and acquisition of property, plant and equipment. The conditions for such spending are set out in the agreement for public engagements so that the University does not bear responsibility for achieving the result of redecoration, renovation or acquisition of certain PPE items. The responsibility is limited by the University's powers in developing the infrastructure for creating favourable conditions for education and research. The resources received by the University under public engagements and intended for construction, renovation or acquisition of property, plant and equipment are recognised as revenue in full in the same period when they were received. These subsidies are part of subsidies for the development of the University.

**Subsidies for paying legally effective court-awarded expenses and writs of execution.** Budgetary funds received to pay legally effective court-awarded expenses and writs of execution are recognised within income in the amount of the agreement if there is information that the conditions for the subsidy have been met, or if such information is not available – as obligations stipulated in the related contract (agreement) are discharged, in the amount of expenses incurred.

**Other revenue from non-exchange transactions.** Other revenue from non-exchange transactions represents grants from Russian entities: Russian Science Foundation (RSF), Russian Foundation for Basic Research (RFBR) and other entities, provided directly to the University for public interest research. Revenue from RSF and RFBR grants is recognised at a point in time when the conditions under the transfer agreement are met, or if such information is not available – as obligations stipulated in the related contract (agreement) are discharged, in the amount of expenses incurred.

### 3. Significant Accounting Policies (Continued)

#### 3.15. Revenue from exchange transactions

– In its exchange transactions, NUST MISIS receives assets from another entity or individual against the direct delivery of consideration of approximately equal value.

The main types of revenues from the exchange transactions of NUST MISIS include:

**Research and development.** Research and development work is performed both in accordance with a public engagement and under agreements signed with various Ministries, government agencies and business communities. Research and development work conducted under a public engagement covers the research subjects formulated in line with the priorities for science and technology development approved by the Russian Federation. Revenues from R&D services are recognised in the reporting period in which the services are rendered, by reference to the stage of completion of such transaction assessed on the basis of actual services provided, as a proportion of the total scope of services to be provided under the agreement. The proportion of services rendered is calculated by reference to the proportion of actual costs incurred under the agreement to total costs under the agreement. Revenues are presented net of VAT. Revenues are calculated based on the fair value of the consideration received or receivable.

**Educational services.** The educational activity is financed by government subsidies and tuition fees paid by individuals and legal entities.

– Recognition of revenue from the educational services financed by the state.

Revenues from educational services are recognised based on agreements signed with the Ministry of Science and Higher Education of the Russian Federation. Revenues are calculated based on the fair value of the consideration received or receivable.

– Recognition of revenue from the educational services provided for a fee.

Revenues from fee-based educational services are recognised on a monthly basis, pro rata to the time of training in the reporting period, when the service was rendered. Revenues are calculated based on the fair value of the consideration received or receivable.

**Subsidies for public interest research.** Subsidies for public interest research represent public funds received by the University from its founder to be used for the purposes provided in the contract (agreement) for subsidies.

Revenues from subsidies for public interest research are recognised based on agreements signed with the Ministry of Science and Higher Education of the Russian Federation. Revenues are calculated based on the fair value of the consideration received or receivable.

**Lease out of premises.** Rental revenue is recognised on a monthly basis and calculated based on the contractual rental rate and the duration of lease in days in the reporting period.

Other services. NUST MISIS provides the following other services for a fee:

- Accommodation in dormitories
- Other types of services.



### **3. Significant Accounting Policies (Continued)**

#### **3.15. Revenue from exchange transactions (continued)**

Revenues from other fee-based services are recognised in the reporting period in which the services are rendered, by reference to the stage of completion of such transaction assessed on the basis of actual services provided, as a proportion of the total scope of services to be provided under the agreement. Revenues are presented net of VAT. Revenues are calculated based on the fair value of the consideration received or receivable.

Reimbursement of the University's expenses related to assistance in project implementation under grants from the Russian Foundation for Basic Research (RFBR). NUST MISIS is a party to a trilateral agreement between RFBR, the University and the grant recipient. The RFBR acts as a client under the trilateral agreement, and the recipient of the grant acts as a contractor. The University assists in the implementation of the project, effects payments under instructions from the recipient of the grant, and signs contracts with third parties. The trilateral agreement provides that the recipient of the grant can dispose of the cash (grant) credited to the University's account, including receiving all or part of funds as transfers to his or her personal account or in cash (depending on the entity's ability), instructing the University to sign supply or service contracts with third parties and make payments from the grant. The recipient of the grant reimburses the University's overhead expenses of no more than twenty percent of the grant amount. In this regard, the University nets off income gained and expenses incurred to ensure the financing of RFBR's grant recipient, and includes the revenue in the amount of reimbursements to the University. These revenues form part of revenues from other services.

#### **3.16. Employee benefits**

Short-term employee benefits. Short-term employee benefits paid to NUST MISIS employees include salaries and mandatory social contributions, short-term paid leaves of absence, bonuses payable within 12 months after the end of the period in which employees provided related services, and benefits in-kind. Obligations related to short-term employee benefits are calculated less of discounts. Short-term employee benefits are recognised in the reporting period in which the services were provided by the employees.

Post-employment benefits. NUST MISIS does not have any legal or constructive obligations to pay pensions or similar benefits beyond social security charges.

#### **3.17. Related parties**

Parties are generally considered to be related if the parties are under common control, or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include:

- entities controlled by NUST MISIS directly or indirectly through one or more intermediaries
- key management personnel of NUST MISIS and their close family members
- entities on which NUST MISIS has a significant influence.

### 3. Significant Accounting Policies (Continued)

#### 3.17. Related parties (continued)

Government agencies are related parties, since they are under common control and transactions with them meet the definition of related party transactions. However disclosure of transactions between the University and government agencies is not mandatory under IPSAS 20 "Related Party Disclosures", as:

- the transactions are conducted as part of ordinary business between the parties
- the transactions are conducted on the terms and conditions that are ordinary for similar transactions under these circumstances.

As at 31 December 2021 and 31 December 2020, the University's related parties disclosed in Note 30 included:

- President
- Rector
- Vice-rectors
- Members of the Supervisory Board
- Members of the Academic Council
- Associates.

#### 3.18. Income tax

Income tax are presented in the University's consolidated financial statements in accordance with IFRS 12 "Income Taxes" because a similar IPSAS standard does not exist, and in accordance with applicable Russian regulations. Article 251 "Income Not Treated as Deductible for Tax Purposes" of Russian Tax Code Chapter 25 provides that entities should not include earmarked proceeds in their tax base calculations (except for earmarked proceeds in the form of excisable goods). They include such earmarked proceeds to provide for non-commercial organisations and support their statutory activities that were provided gratuitously based on decisions by government agencies, local authorities and management bodies of state non-government funds, as well as earmarked proceeds from other organisations and/ or individuals and used by the recipients for the purpose intended. The taxpayers acting as recipients of the above earmarked proceeds are required to maintain separate accounting for income (expenses) received (incurred) as part of earmarked proceeds.

These requirements are met by NUST MISIS during the reporting period. Income tax for 2021 and 2020 was accrued on income from fee-based educational, research and other services.

The income tax charge/credit comprises current tax and deferred tax and is recognised in income or expenses for the year.

Current tax is the amount expected to be paid to, or recovered from, the budget in respect of taxable income or expenses for the current and prior periods. Taxable income or expenses are calculated based on tax returns filed for the corresponding period. Taxes other than on income are recorded within expenses.

Deferred income tax is calculated using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### **3. Significant Accounting Policies (Continued)**

#### **3.18. Income tax (Continued)**

Given that the larger part of the University's income and expenses is not included in income tax calculations, the tax base is determined for the assets and liabilities used in taxable activities. If any assets or liabilities are used both in taxable and tax-exempt activities, its tax base approximates the carrying amount shown in the financial statements, as it is difficult to reliably estimate the percentage of the asset or liability to be used in the taxable activity.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised.

#### **3.19. Value-added tax**

Output value added tax (VAT) payable and VAT recoverable from the budget is recognised in the consolidated statement of financial position on a gross basis within assets and liabilities. Where provision has been made for the impairment of receivables, the impairment loss is recorded in the full amount of receivable, including VAT.

#### **3.20. Segment reporting**

A segment is a separate activity or several types of activities conducted by an organisation, for which it is reasonable to present financial information to:

- estimate the performance of the organisation in the past to achieve its goals; and
- make decisions on the future allocation of resources.

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by governance bodies and the chief operating decision maker (CODM) and for which separate financial information is available. The governance bodies and the CODM are NUST MISIS' Rector and branch directors who allocate resources and assess the performance for the segments.

The segment accounting policy is consistent with the policies adopted for preparing consolidated financial statements under IPSAS.

#### **3.21. Statement of comparison of budget and actual amounts arising from budget implementation**

NUST MISIS Financial and Business Plan (hereinafter, the "Budget") is developed using the cash method, based on principles other than IPSAS. The consolidated financial statements of NUST MISIS are prepared using the accrual method and the classification based on the nature of expenses presented in the consolidated statement of financial performance. The approved budget covers the reporting period from 1 January 2021 to 31 December 2021 and all the branches of NUST MISIS.

Budget classification methods include classifications by the following categories:

1. By sources of funding:
  - (i) Subsidies for implementing the public engagement
  - (ii) Earmarked subsidies (subsidies for other purposes)
  - (iii) Budget investments
  - (iv) Proceeds from income-generating activities

### 3. Significant accounting policies (continued)

#### 3.21. Statement of comparison of budget and actual amounts arising from budget implementation (continued)

2. By income and expense items of the Classification of public sector transactions.

The key parameters of NUST MISIS budget are set for the next calendar year and the planning period of the consequent two years. The initial budget represents the budget initially approved for the budget period. The final budget represents the final budget approved for the budget period. Final budget amounts differ from initial budget amounts both due to the reclassification between income and expense items, and due to changes in the planned income and expenses, for example, changes in the volume of funding from the state or the conclusion of new agreements for fee-based services.

The actual amounts represent the University's cash flows, including all the branches. The difference between the final budget amounts and actual amounts arises from balances of unused funds at the beginning of the period.

### 4. New Accounting Pronouncements

Several new standards and interpretations published in 2021 are mandatory for annual periods beginning on or after 1 January 2022:

- Amendment to IPSAS 22, Disclosure of Financial Information about the General Government Sector (issued on 24 January 2022 and effective for annual periods starting 1 January 2023)
- Amendment to IPSAS 39, Employee Benefits (issued on 24 January 2022 and effective for annual periods beginning on or after 1 January 2023)
- Amendment to Conceptual Framework for guideline 1, Presentation of Data about an Organisation's Long-Term Sustainability (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023)
- Amendment to IPSAS 29, Financial Instruments: Recognition and Measurement (previously applicable to IPSAS 41, Financial Instruments) (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2022)
- Amendment to IPSAS 40, IPSAS 29 and IPSAS 30, Financial Instruments: Disclosure (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023)
- Amendments to IFRS 33, First-Time Adoption of IPSASs (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023)
- Amendment to IPSAS 41, Financial Instruments (on 24 January 2022 and effective for annual periods beginning on 1 January 2023)
- Amendment to IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets 19 (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023)
- Amendment to IPSAS 17, Intangible Assets (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023).

#### Delay of effective dates due to COVID-19

In November 2020, IPSAS Board approved "COVID-19: delay of effective dates" that becomes effective immediately upon approval. It delays the effective dates by one year until 1 January 2023 for the following changes: IPSAS 41 "Financial Instruments", IPSAS "Social Benefits", "Long-Term Interests in Associates and Joint Ventures" (amendments to IPSAS 36) and "Prepayment Features with Negative Compensation" (amendments to IPSAS), "Collective and Individual Services" (amendments to IPSAS 19) and "Improvements to IPSAS, 2019".

#### **4. New Accounting Pronouncements (Continued)**

##### **IPSAS Board approved a new standard on leases**

In January 2022, IPSAS Board approved IPSAS 43, Leases, based on IFRS 16, Leases, prepared by IFRS Board. IPSAS 43 introduces the right-of-use assets model for lessees, which changes the risks and benefits associated with the ownership model used in IPSAS 13, Leases.

The lessee recognises a lease liability and a corresponding right-of-use asset. The lease liability comprises fixed lease payments, essentially, fixed payments and payments that are based on an index or a rate. Exemptions from recognition can be made for short-term leases and for leases of low-value assets. A lease liability represents future lease payments discounted at the rate set in the lease agreement or at the incremental borrowing rate. A right-of-use asset is depreciated over the shorter or the underlying asset's useful life or the lease term. Lease payments consist of interest payments and payment of the outstanding lease liability.

For lessors, IPSAS 43 introduces a considerable transfer of risks and benefits associated with the ownership model in IPSAS 13. All leases are classified upon inception as either financial or operating lease, depending on the substance of the transaction.

IPSAS 43 supersedes IPSAS 13 and is effective for financial statements for periods beginning on or after 1 January 2025. Early adoption is encouraged, subject to parallel adoption of IPSAS 41, Financial Instruments.

##### **IPSAS Board approved a new standard, Non-current Assets Held for Sale and Discontinued Operations**

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations, is based on IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. The new standard determines how to recognise assets held for sale and how to represent and disclose information about discontinued operations. It includes additional requirements to the public sector, in particular disclosures of the fair value of assets held for sale measured at their carrying value when their carrying value is lower than their fair value.

This standard bridges the gap in the IPSAS package, providing a guideline for recognising public sector assets held for sale on an arm's length basis.

It was published in May 2022 and becomes effective from 1 January 2025.

Early adoption of all the above standards and amendments is possible. The University decided not to use the early adoption option for these standards and amendments.

##### **Improvements to IPSAS**

Improvements to IPSASs, 2021 include certain changes to IPSASs aimed at related party transactions and other changes, such as IFRS improvements and targeted projects.

The improvements become effective for periods beginning on 1 January 2023, with the exception of amendments to IPSAS 23, Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform which become effective from 1 January 2022.



#### 4. New Accounting Pronouncements (Continued)

##### IPSASB publications for public discussion

**Exposure Draft (ED) 82, Retirement Benefit Plans.** On 1 April 2022 IPSASB released Exposure Draft 82, Retirement Benefit Plans. Commentary from stakeholders is expected by 1 August 2022. Retirement benefit plans may represent significant, albeit often concealed liabilities in public sector entities. The draft standard requires disclosures of assets, liabilities and finance activities relating to employee retirement benefit plans. A higher transparency serves to make public sector finance more controllable and to allow for better decision-making.

Authors of the framework for public sector used IAS 26 for private companies as a reference point. IPSASB adapted IAS 26 using the international experience to account for unique features of public sector organisations. In particular, it suggests exemptions from certain policies available under IAS 26 since they are either not applicable in a public sector entity or conflict with other IPSASs.

Exposure Draft (ED) 81, Proposed Updates to Conceptual Framework: Part 3, Qualitative Characteristics, Part 5, Elements.

On 1 February 2022 IPSASB released exposure draft of standard 81, Proposed Updated to Conceptual Framework: Part 3, Qualitative Characteristics, Part 5, Elements. Commentary from stakeholders is expected by 31 May 2022.

ED 81 is the second draft prepared after partial revision of Conceptual Framework in certain areas. In developing its proposals, the IPSASB has considered the Board's experience in applying the Framework to the development and maintenance of International Public Sector Accounting Standards (IPSAS), as well as recent developments in international thinking about conceptual issues.

The ED 81 proposals include:

- Clarifying the role of prudence in public sector financial reporting
- Revised definitions of an asset and a liability
- Clarifying what constitutes a transfer of resources when determining whether an entity has a liability and
- Restructuring guidance on liabilities to improve clarity for users of the Framework.

#### 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

NUST MISIS makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimates, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**Going concern.** Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the NUST MISIS's financial position, current plans and expected budget financing.

## 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

**Useful lives of property, plant and equipment.** The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits or value in use embodied in the assets are consumed principally through their use. However, other factors, such as technical obsolescence and wear and tear of equipment, often result in the diminution in the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits or value in use for NUST MISIS. The following primary factors are considered: (a) the assets' life expectancy; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical obsolescence of equipment.

If the useful lives of the University's assets increase by one year, depreciation charges will decline by RUB 52 million (2020: RUB 46 million). If the useful lives of the University's assets decrease by one year, depreciation charges will increase by RUB 67 million (2020: RUB 56 million).

**Valuation of land plots.** Land plots under unlimited use were assessed at the cadastral value at the IPSAS adoption date, since the cadastral value approximated the fair value.

The judgement is based on the fact that the cadastral valuation of the land plots is based on their classification by reference to their intended use and type of functional use. The appraisers engaged by the Russian State Register determine the per unit indicator of the cadastral value for each quarter and by each permitted type of use based on the information about the average market value for the land plots of certain types of use in a specific quarter, and by reference to average market value indicators for immovable property located on the land plots. So, by virtue of the legislation in effect, the unit value based on cadastral value is positioned by current legislation as the averaged indicator of the market value of one square metre of a land plot with a specific permitted use.

**Property under operational management recorded on the University's balance sheet.** For the University to perform its core activities, the Russian Federation assigned to the University certain property and land plots used under operational management. Operational management qualifies the University for holding (using) immovable property and highly valuable movable property ("HVP") without the right to dispose of it. The right of full disposal of immovable property and HVP (including their removal) is retained by the Russian Federation. The Russian Federation can dispose of any property removed from the University at its discretion.

Property and land plots have a potential value that is used to perform the University's statutory activities. Since the University controls the future potential benefit from the use of the property and land plots, it would be reasonable to record the property under operational management and the land plots under unlimited use as assets on the University's balance sheet.

**Obligations to the founder recognised on a separate line item, balances and transactions with the founder.** Balances and transactions with the founder are represented by immovable and highly valuable movable assets, land plots under unlimited use and construction in progress.

Highly valuable movable assets are movable assets worth more than RUB 500,000 thousand acquired from state sources of financing.

## 5. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

As construction in progress will be transferred to property under operational management upon completion of construction, its value gives rise to the liability to the founder.

Additions of property under operational management and land plots under unlimited use can occur in two ways and are accounted as follows:

- (i) Acquisition or construction of property transferred to operational management financed by the Russian Federation is a non-exchange transaction and thus, such financing is initially recorded within income in the amount equal to the value of property under operational management acquired or built using the funds of the Russian Federation and is consequently transferred to "Balances and transactions with the founder".
- (ii) The property and land plots under unlimited use that were transferred by the Russian Federation to enable NUST MISIS to conduct its core activities represent the founder's contribution and are recorded within balances and transactions with the founder, and no income is recognised.

## 6. Segment Information

For management purposes, NUST MISIS has been divided into business units (branches) based on their geographic location.

The following two reportable segments are presented for consolidated financial reporting purposes: NUST MISIS Moscow and Sary Oskol Institute of Technology (a branch of NUST MISIS). In addition, NUST MISIS management identifies a third category of "Other segments", where it discloses information about the following branches: Vyksa Branch of NUST MISIS, Gubkin Branch of NUST MISIS, Dushanbe Branch of NUST MISIS (Tadjikistan), Novotroitsk Branch of NUST MISIS, Almalyk Branch of NUST MISIS (Uzbekistan), Abkhazian Branch of NUST MISIS and Endowment Fund.

NUST MISIS management monitors the operating results of each segment in order to allocate resources and assess segment performance.

Deferred tax assets are recognised within other segments.

<i>Income by segment</i>	<b>Moscow</b>	<b>Sary Oskol</b>	<b>Other</b>	<b>Total</b>
2021	7,120,008	396,250	500,518	<b>8,016,776</b>
2020	7,263,185	370,941	425,791	<b>8,059,917</b>

<i>Expenses by segment</i>	<b>Moscow</b>	<b>Sary Oskol</b>	<b>Other</b>	<b>Total</b>
2021	6,792,555	401,521	605,084	<b>7,799,160</b>
2020	6,903,569	394,505	490,107	<b>7,788,181</b>

<i>Segment surplus/(deficit)</i>	<b>Moscow</b>	<b>Sary Oskol</b>	<b>Other</b>	<b>Total</b>
2021	327,454	(5,271)	(104,567)	<b>217,616</b>
2020	359,616	(23,564)	(64,316)	<b>271,736</b>

### Capital expenditure including proceeds from founders

	<b>Moscow</b>	<b>Sary Oskol</b>	<b>Other</b>	<b>Total</b>
2021	462,177	19,257	27,831	<b>509,265</b>
2020	628,314	20,029	90,817	<b>739,160</b>

## 6. Segment Information (Continued)

Capital expenditures represent additions of non-current assets, other than the non-current advances, including proceeds from founders and investments in associates.

<b>Segment assets and liabilities</b> <b>31 December 2021</b>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
Non-current assets	22,379,432	1,287,425	558,116	<b>24,224,973</b>
Current assets	3,440,209	77,003	594,270	<b>4,111,482</b>
<b>Total assets</b>	<b>25,819,641</b>	<b>1,364,428</b>	<b>1,152,386</b>	<b>28,336,455</b>
Current liabilities	1,091,760	297,145	203,136	<b>1,592,041</b>
<b>Total net assets</b>	<b>24,727,881</b>	<b>1,067,283</b>	<b>949,250</b>	<b>26,744,414</b>

<b>31 December 2020</b>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
Non-current assets	22,595,192	1,304,926	585,164	<b>24,485,282</b>
Current assets	3,460,627	42,360	646,065	<b>4,149,052</b>
<b>Total assets</b>	<b>26,055,819</b>	<b>1,347,286</b>	<b>1,231,229</b>	<b>28,634,334</b>
Current liabilities	1,626,932	56,053	448,854	<b>2,131,839</b>
<b>Total net assets</b>	<b>24,428,887</b>	<b>1,291,233</b>	<b>782,375</b>	<b>26,502,495</b>

## 7. Cash and Cash Equivalents

Cash and cash equivalents comprise cash held on current accounts in the Russian Federal Treasury, bank account balances and cash on hand. Cash and cash equivalents included in the consolidated statement of cash flows cover the following amounts from the consolidated statement of financial position:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Settlement accounts	2,870,118	2,536,436
Current accounts in the Russian Federal Treasury	405,738	745,025
Cash on hand	630	676
<b>Total cash and cash equivalents</b>	<b>3,276,486</b>	<b>3,282,137</b>

At 31 December 2021, there was no cash in deposit accounts (31 December 2020: nil).

Cash and cash equivalents are placed in the following currencies:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Russian Roubles	2,655,093	2,676,803
US Dollars	508,035	488,094
Euro	82,192	92,655
Other currencies	31,166	24,585
<b>Total cash and cash equivalents</b>	<b>3,276,486</b>	<b>3,282,137</b>

## 7. Cash and Cash Equivalents (Continued)

The credit quality of cash and cash equivalents analysed based on Fitch ratings at 31 December 2021 and 31 December 2020 was as follows:

	31 December 2021			31 December 2020		
	Bank balances payable on demand	Balances on accounts with the Treasury	Term deposits	Bank balances payable on demand	Balances on accounts with the Treasury	Term deposits
<i>Rating at the reporting date</i>						
BB+ rated	-	-	-	-	-	-
BB- rated	12,296	-	-	7,074	-	-
BBB rated	488,478	405,738	-	-	745,026	-
BBB- rated	2,347,250	-	-	2,511,664	-	-
Unrated	22,094	-	-	17,697	-	-
<b>Total</b>	<b>2,870,118</b>	<b>405,738</b>	<b>-</b>	<b>2,536,435</b>	<b>745,026</b>	<b>-</b>

As regards cash in current accounts with the Treasury, Fitch assigned long-term Issuer Default Rating (BBB-) to the Russian Federation.

## 8. Receivables and Prepayments

	31 December 2021	31 December 2020
Trade receivables, including	292,759	204,345
Receivables from exchange transactions	292,759	204,345
Other financial receivables	7,469	74,289
Provision for impairment of receivables	(51,063)	(4,563)
<b>Total financial receivables</b>	<b>249,165</b>	<b>274,071</b>
Advances to suppliers and contractors	69,304	10,026
Salary advances	1	50
Other	7	3
Provision for impairment of advances issued	-	-
<b>Total non-financial receivables</b>	<b>69,312</b>	<b>10,079</b>
<b>Total receivables and prepayments</b>	<b>318,477</b>	<b>284,150</b>

Receivables are denominated in Russian Roubles. The bulk of financial receivables represent income receivable from fee-based services and from property. Other financial receivables represent income receivable from other activities, enforced collections and issued loans.

Analysis by credit quality of trade and other receivables is as follows:

## 8 Receivables and Prepayments (Continued)

	31 December 2021		31 December 2020	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
<i>Neither past due nor impaired:</i>				
- Government	561	-	16,278	-
- Commercial entities and individuals	241,135	7,469	183,504	74,289
<b>Total neither past due nor impaired</b>	<b>241,696</b>	<b>7,469</b>	<b>199,782</b>	<b>74,289</b>
<i>Individually impaired</i>				
- over 360 days overdue	51,063	-	4,563	-
<b>Total individually determined to be impaired</b>	<b>51,063</b>	<b>-</b>	<b>4,563</b>	<b>-</b>
Less impairment provision	(51,063)	-	(4,563)	-
<b>Total</b>	<b>241,696</b>	<b>7,469</b>	<b>199,782</b>	<b>74,289</b>

Movements in the provision for impairment of trade receivables are as follows:

	2021	2020
<b>Carrying amount at 1 January</b>	<b>4,563</b>	<b>15,111</b>
Increase in provision charged to expenses	48,996	3,694
Utilisation of provision	(289)	(12,019)
Release of provision	(2,207)	(2,223)
<b>Carrying amount at 31 December</b>	<b>51,063</b>	<b>4,563</b>

## 9. Investments in Shares and Bonds of Endowment Fund

The table below presents available-for-sale financial assets by types of securities:

	31 December 2021	31 December 2020
Russian government bonds	106,754	43,840
Municipal bonds	6,425	7,969
Corporate bonds	365,430	418,819
<b>Total bonds</b>	<b>478,609</b>	<b>470,628</b>
Shares	6,672	22,262
<b>Total financial assets available for sale</b>	<b>485,281</b>	<b>492,890</b>

The table below presents available-for-sale financial assets by issuers' credit ratings:

	31 December 2021				
	Russian government bonds	Municipal bonds	Corporate bonds	Shares	Total
BBB- rated and higher	106,754	2,073	196,337	6,672	311,836
BB+ rated	-	3,764	22,959	-	26,723
BB rated	-	-	79,336	-	79,336
BB- rated	-	-	12,947	-	12,947
B+ rated	-	-	8,254	-	8,254
Unrated	-	588	45,597	-	46,185
<b>Total</b>	<b>106,754</b>	<b>6,425</b>	<b>365,430</b>	<b>6,672</b>	<b>485,281</b>

## 9. Investments in Shares and Bonds of Endowment Fund (Continued)

	31 December 2020				Total
	Russian government bonds	Municipal bonds	Corporate bonds	Shares	
<i>Rating at the reporting date</i>					
BB+ rated	43,840	2,232	92,917	14,876	153,865
BB rated	-	-	43,734	3,728	47,462
BB- rated	-	-	6,498	-	6,498
B+ rated	-	-	18,897	-	18,897
Unrated	-	5,737	256,773	3,658	266,168
<b>Total</b>	<b>43,840</b>	<b>7,969</b>	<b>418,819</b>	<b>22,262</b>	<b>492,890</b>

Movements in the carrying amount of bonds were as follows:

	2021	2020
<b>Carrying amount at 1 January</b>	<b>470,628</b>	<b>391,667</b>
Gain/(loss) less loss from fair value revaluation	(23,716)	15,211
Accrued interest income	22,582	14,919
Received interest income	(22,621)	(24,819)
Purchases	324,709	187,554
Sale	(276,710)	(135,359)
Repayment	(16,488)	(10,000)
Foreign exchange differences on debt securities	225	31,455
<b>Carrying amount at 31 December</b>	<b>478,609</b>	<b>470,628</b>

According to agreements on trust management between managing companies and the Endowment Fund of NUST MISIS, securities transactions are performed by managing companies.

## 10. Other Assets and Liabilities

Included in other assets and liabilities is cash received as security for procurement tenders (auctions) from the participants, and also as security for the performance of contracts signed as a result of competitive procurement tenders. The cash is temporarily at the University's disposal and should be refunded to the tender participants as follows: security for procurement tenders (auctions) – upon completion of the tender process, and performance security for the contracts signed – upon the fulfilment of contractual obligations. At 31 December 2021, NUST MISIS had RUB 12,960 thousand at its temporary disposal (31 December 2020: RUB 25,869 thousand).



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**11. Property, Plant and Equipment**

Movements in the carrying amount of property, plant and equipment were as follows:

For the year ended 31 December 2021	Land plots	Residential buildings	Non-residential buildings	lachinery and equipment	Production and maintenance tools	Buildings	Transport vehicles	Construction in progress	Total
<b>Initial value</b>									
<b>At the beginning of the period</b>	<b>12,366,216</b>	<b>5,156,527</b>	<b>6,039,950</b>	<b>5,545,483</b>	<b>267,192</b>	<b>15,245</b>	<b>38,096</b>	<b>485,015</b>	<b>29,913,724</b>
Additions	-	10,606	-	409,814	55,619	100	5,785	27,341	509,265
Disposals (-)	-	-	-	(28,986)	(8,467)	-	(2,384)	(1,257)	(41,094)
Transfers from construction in progress to property, plant and equipment	-	-	-	4,195	1,432	-	-	(5,627)	-
Other movements*	-	-	-	23,522	(23,522)	-	-	-	-
<b>At the end of the period</b>	<b>12,366,216</b>	<b>5,167,133</b>	<b>6,039,950</b>	<b>5,954,028</b>	<b>292,254</b>	<b>15,345</b>	<b>41,497</b>	<b>505,472</b>	<b>30,381,895</b>
<b>Depreciation</b>									
<b>At the beginning of the period</b>	-	(625,511)	(1,031,512)	(3,761,174)	(184,645)	(5,286)	(31,666)	-	(5,639,794)
Accruals	-	(102,172)	(141,463)	(428,506)	(68,112)	(751)	(4,477)	-	(745,481)
Disposal of depreciation (+)	-	-	17	27,298	7,964	-	2,384	-	37,663
Other movements*	-	(63,178)	63,178	(22,202)	22,202	-	-	-	-
<b>At the end of the period</b>	-	<b>(790,861)</b>	<b>(1,109,780)</b>	<b>(4,184,584)</b>	<b>(222,591)</b>	<b>(6,037)</b>	<b>(33,759)</b>	-	<b>(6,347,612)</b>
<b>Carrying value</b>									
<b>At the beginning of the period</b>	<b>12,366,216</b>	<b>4,531,016</b>	<b>5,008,438</b>	<b>1,784,309</b>	<b>82,547</b>	<b>9,959</b>	<b>6,430</b>	<b>485,015</b>	<b>24,273,930</b>
<b>At the end of the period</b>	<b>12,366,216</b>	<b>4,376,272</b>	<b>4,930,170</b>	<b>1,769,444</b>	<b>69,663</b>	<b>9,308</b>	<b>7,738</b>	<b>505,472</b>	<b>24,034,283</b>

\* Other movements in property, plant and equipment due to adjustments in their classification.

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11. Property, Plant and Equipment (Continued)

For the year ended 31 December 2020	Land plots	Residential buildings	Non-residential buildings	Machinery and equipment	Production and maintenance tools	Buildings	Transport vehicles	Construction in progress	Total
<b>Initial value</b>									
<b>At the beginning of the period</b>	12,366,216	5,147,300	6,039,801	4,785,929	255,909	15,245	33,548	1,136,167	29,780,115
Additions	-	9,227	149	653,977	21,496	-	4,548	49,763	739,160
Disposals (-)	-	-	-	(15,257)	(10,606)	-	-	(579,688)	(605,551)
Transfers from construction in progress to property, plant and equipment	-	-	-	121,227	-	-	-	(121,227)	-
<b>At the end of the period</b>	12,366,216	5,156,527	6,039,950	5,545,876	266,799	15,245	38,096	485,015	29,913,724
<b>Depreciation</b>									
<b>At the beginning of the period</b>	-	(526,295)	(892,929)	(3,366,868)	(159,334)	(4,556)	(29,916)	-	(4,979,898)
Accruals	-	(99,216)	(138,583)	(406,085)	(39,701)	(730)	(1,750)	-	(686,065)
Disposal of depreciation (+)	-	-	-	11,779	14,390	-	-	-	26,169
<b>At the end of the period</b>	-	(625,511)	(1,031,512)	(3,761,174)	(184,645)	(5,286)	(31,666)	-	(5,639,794)
<b>Carrying value</b>									
<b>At the beginning of the period</b>	12,366,216	4,621,005	5,146,872	1,419,061	96,575	10,689	3,632	1,136,167	24,800,217
<b>At the end of the period</b>	12,366,216	4,531,016	5,008,438	1,784,702	82,154	9,959	6,430	485,015	24,273,930

## 11. Property, Plant and Equipment (Continued)

**Construction in progress.** Construction in progress includes construction and reconstruction of property, plant and equipment.

In 2019, after a litigation with OOO RealtSERVICE concerning recovery of construction costs on the project located at Moscow, Leninsky prospekt, estate 6, buildings 14-15-16-19, the University recognised an increase in the facility's carrying value by the amount of claim of RUB 865,706 thousand, including RUB 258,000 thousand as current period income within "Other revenue from transactions with assets" and RUB 607,706 thousand by charging additional provision for legal proceedings in 2019.

In 2020 the claim amount was revised and reduced by RUB 579,161 thousand due to completion of legal proceedings and modification of claim, as a result the construction in progress item was impaired by the relevant amount.

At 31 December 2021, this facility is recognised within construction in progress in the amount of RUB 326,294 thousand (31 December 2020: RUB 319,178 thousand)

In 2021, there were no significant additions in construction in process.

**Free use of property.** As at 31 December 2021 and 31 December 2020, the University received some property, plant and equipment with a surface area of 33,129 square meters for free use (including 24,208 sq.m non-residential buildings, 4,795 sq.m land plots and 4,126 sq.m residential buildings). The property, plant and equipment received for free use are used to provide higher, secondary and additional education programmes.

As at 31 December 2021, NUST MISIS provided Main State Center for Education Evaluation with non-residential premises of 663 sq.m for free use (31 December 2020: none).

## 12. Intangible Assets

Movements in the carrying amount of intangible assets were as follows:

For the year ended 31 December 2021									
	Websites	Patents	Software	Know-how	Computer software licences	Right to use educational platforms	R&D in progress	Total	
<b>Initial value</b>									
At the beginning of the period	10,073	43,210	10,439	44,886	145,757	59,000	6,806	320,171	
Additions	-	-	-	-	44,840	3,000	5,200	53,040	
Disposals	-	(4,923)	-	(1,132)	(2,087)	-	(164)	(8,306)	
At the end of the period	10,073	38,287	10,439	43,754	188,510	62,000	11,842	364,905	
<b>Amortisation</b>									
At the beginning of the period	(1,361)	(9,750)	(4,514)	(12,660)	(103,746)	(29,893)	-	(161,924)	
Accruals	(1,167)	(2,349)	(1,232)	(6,617)	(27,915)	(5,714)	-	(44,994)	
Disposal of amortisation	-	4,153	-	472	363	-	-	4,988	
At the end of the period	(2,528)	(7,946)	(5,746)	(18,805)	(131,298)	(35,607)	-	(201,930)	
<b>Carrying value</b>									
At the beginning of the period	8,712	33,460	5,925	32,226	42,011	29,107	6,806	158,247	
At the end of the period	7,545	30,341	4,693	24,949	57,212	26,393	11,842	162,975	

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12. Intangible Assets (Continued)

	Websites	Patents	Software	Know-how	Computer software licences	Right to use educational platforms	R&D in progress	Total
For the year ended 31 December 2020								
Initial value								
At the beginning of the period	10,073	31,107	7,471	42,130	94,002	56,000	3,754	244,537
Additions	-	7,644	2,968	-	40,996	3,000	21,161	75,769
Disposals	-	(135)	-	-	-	-	(18,109)	(18,244)
Transfers from CIP	-	4,594	-	2,756	10,759	-	-	18,109
At the end of the period	10,073	43,210	10,439	44,886	145,757	59,000	6,806	320,171
Amortisation								
At the beginning of the period	(1,361)	(5,985)	(3,321)	(12,660)	(61,391)	(24,000)	-	(108,718)
Accruals	-	(3,787)	(1,193)	-	(42,355)	(5,893)	-	(53,228)
Disposal of amortisation	-	22	-	-	-	-	-	22
At the end of the period	(1,361)	(9,750)	(4,514)	(12,660)	(103,746)	(29,893)	-	(161,924)
Carrying value								
At the beginning of the period	8,712	25,122	4,150	29,470	32,611	32,000	3,754	135,819
At the end of the period	8,712	33,460	5,925	32,226	42,011	29,107	6,806	158,247

## 12. Intangible Assets (Continued)

All the groups of intangible assets except for software licenses were developed by the University.

Intangible asset groups are represented by:

Know-how stands for any information (inventions, original technology, knowledge and skills) that is protected by trade secret and can be subject to purchase and sale or may be used for achieving a competitive advantage over other businesses.

A patent is a protection document certifying an exclusive right, authorship and priority of an invention, utility model or industrial prototype.

Software product is software designed for a specific group of consumers and used by NUST MISIS to carry out research and development per any terms of reference that contain client requirements.

Computer software licenses – non-exclusive rights acquired to use certain software products specified in the licence agreement.

Right to use education platforms – right to use the Open Education platform. The University is using this right to publish its proprietary training materials to improve availability and quality of the University's educational programmes.

The cost of intangible assets developed by the University comprises costs related to the registration of title to any intangible asset developed.

**R&D in progress.** As at 31 December 2021, R&D in progress mostly represents the capitalised cost of obtaining patents and international registration of patents, know-how and software in the amount of RUB 11,842 thousand (31 December 2020: RUB 6,806 thousand).

## 13. Trade and Other Payables

	31 December 2021	31 December 2020
Trade payables	208,195	158,566
Other payables	27	4,687
<b>Total financial payables</b>	<b>208,222</b>	<b>163,253</b>
Payroll payable	277,168	245,317
<b>Total non-financial payables</b>	<b>277,168</b>	<b>245,317</b>
<b>Total payables</b>	<b>485,390</b>	<b>408,570</b>

Payables are denominated in Russian Roubles.

Financial payables comprise payables for property maintenance services, utility costs and other works and services. The bulk of payables for other works and services represents amounts that will be paid from funding under government contracts, in accordance with contractual conditions.

Salaries payable include provisions for future vacations in the amount of RUB 275,156 thousand and RUB 244,344 thousand as at 31 December 2021 and 31 December 2020, respectively.

#### 14. Taxation

	31 December 2021	31 December 2020
Value-added tax	37,072	30,926
Property tax and land tax	1,733	-
Personal income tax	-	-
Other tax settlements	69,709	72,927
<b>Total taxation</b>	<b>108,514</b>	<b>103,853</b>

Other taxes payable include liabilities accrued on social security contributions in connection with the recognition of liabilities for bonuses and future vacations payable within twelve months after the reporting date of RUB 69,706 thousand and RUB 72,927 thousand at 31 December 2021 and 31 December 2020, respectively.

#### 15. Advances Received for Non-Exchange Transactions

	31 December 2021	31 December 2020
<b>Advances received for non-exchange transactions</b>		
Grant to support National Technological Initiative Center for Quantum Communications	177,391	227,966
Donations for statutory activity	97,221	50,856
Grants for scientific research from RSF and RFBR	88,892	80,563
Advance from research centre STIFTUNG DEUTSCHES ELEKTRONEN-SYNCHROTRON	80,973	93,613
Subsidies received to pay scholarships	-	192
Subsidies for the development of the University	-	226,780
Other subsidies for other purposes	-	8,255
<b>Total advances received from non-exchange transactions</b>	<b>444,477</b>	<b>688,225</b>

Subsidies for the development of the University and the grant to support National Technological Initiative Center for Quantum Communications are recognised within current income in the amount of confirmed expenses when incurred. Balances not used in the current year can be used in the next reporting period for the same purposes, subject to agreement with the Russian Ministry of Science and Higher Education or National Technological Initiative Center for Quantum Communications, respectively.

#### 16. Advances Received for Exchange Transactions

	31 December 2021	31 December 2020
<b>Advances received for exchange transactions</b>		
Advances received on income from fee-based work and services	467,378	433,197
Advances received on gains generated by property	6,764	30,990
Advances received on other income	694	4,060
<b>Total advances received for exchange transactions</b>	<b>474,836</b>	<b>468,247</b>

Included in the advances received on property gains are advances received from the lessees of the premises under the University's operational management.



## 17. Provisions for Liabilities and Charges

Changes in the provisions for liabilities and charges are represented by provisions for legal claims and are disclosed below:

	2021	2020
<b>Carrying amount at 1 January</b>	<b>321,176</b>	<b>901,342</b>
(Decrease)/ increase in provisions	(316,239)	(580,166)
<b>Carrying amount at 31 December</b>	<b>4,937</b>	<b>321,176</b>

At 31 December 2020, provisions for mandatory payments mainly consist of a provision for the legal claim from OOO Realtservice to NUST MISIS in connection with termination of the investment contract signed by MGGU before the merger with the University. After the hearing held on this case on 9 April 2021 the Arbitrazh Court of Moscow ruled to charge RUB 286,545 thousand from the University to the benefit of OOO Realtservice (including interest for using third-party cash).

The amount of compensation awarded to OOO Realtservice under these legal procedures is fully included in the carrying value of construction in progress located at Moscow, Leninsky prospekt, estate 6, buildings 14-15-16-19 in accordance with IPSAS 17 "Property, Plant and Equipment" (Note 11).

The Ninth Arbitrazh Appellate Court ruling of 09.07.2021 stated that the University must pay OOO Realtservice RUB 235,073 thousand for unjust enrichment and RUB 51,472 thousand in interest, the rest of the claim was declined. Moscow Arbitrazh Court upheld the ruling of the court of first instance and that of the appellate court with its resolution of 28.09.2021. The RF Supreme Court Ruling refused to refer the cassation appeal of OOO Realtservice for consideration by the judicial board for economic disputes at the RF Supreme Court.

To finance the amount awarded by court to OOO Realtservice, the University received RUB 286,545 thousand from the Ministry of Science and Higher Education, which was recognised within income in the consolidated statement of financial performance.

## 18. Balances and Transactions with the Founder

Balances and transactions with the founder are represented by immovable and highly valuable movable assets, land plots under unlimited use and construction in progress.

Highly valuable movable assets are movable assets worth more than RUB 500,000 thousand acquired from state sources of financing.

Below is the reconciliation of movements in property, plant and equipment under operational management and construction in progress for the property, plant and equipment that generate balances and transactions with the founder:

# 18. Balances and Transactions with the Founder (Continued)

	For the year ended 31 December 2021	For the year ended 31 December 2020
<b>Initial value</b>		
At the beginning of the period	27,706,385	27,106,676
Additions to property, plant and equipment	278,112	604,430
Disposals	(3,237)	(4,721)
<b>At the end of the period</b>	<b>27,981,260</b>	<b>27,706,385</b>
	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
<b>Amortisation</b>		
At the beginning of the period	(4,345,389)	(3,873,642)
Accruals*	(454,237)	(474,524)
Disposal of depreciation	3,237	2,777
<b>At the end of the period</b>	<b>(4,796,389)</b>	<b>(4,345,389)</b>
<b>Carrying value</b>		
At the beginning of the period	23,360,996	23,233,034
At the end of the period	23,184,871	23,360,996

The table below contains details of line item "Additions to property, plant and equipment":

	For the year ended 31 December 2021	For the year ended 31 December 2020
Highly valuable moveable property including:		
Machinery and equipment	74,878	545,291
Construction in progress (Note 17)	74,778	521,026
Buildings	286,545	49,763
Land plots	10,606	9,376
Adjustment*	283	-
	(94,200)	-
<b>Total additions to property, plant and equipment</b>	<b>278,112</b>	<b>604,430</b>

\*The adjustment was made to correct the value of property, plant and equipment acquired in 2020 under operational management and construction in progress which constitute balances and transactions with the founder. The adjustment of initial value amounted to RUB 94,200 thousand and depreciation accrued – RUB 59,507 thousand.

# 19. Revenue from Educational Services

	2021	2020
Educational services provided as part of the public engagement	2,511,848	2,633,954
Fee-based educational services	1,166,494	886,333
<b>Total revenue from educational services</b>	<b>3,678,342</b>	<b>3,520,287</b>

Balances and transactions with the founder are represented by immovable and highly valuable movable assets, land plots under unlimited use and construction in progress.

Highly valuable movable assets are movable assets worth more than RUB 500,000 thousand acquired from state sources of financing.

## 20. Revenue from Research and Development Work

	2021	2020
Research and development work under commercial contracts	1,109,894	966,112
R&D work under Federal Special Purpose Programmes	20,255	45,730
R&D work under public engagement	191,625	191,739
Support to young and leading scientists	62,798	42,000
Grants for development of scientific and technology projects	42,968	-
Grants to leading schools of sciences	2,977	2,267
<b>Total revenue from research and development work</b>	<b>1,430,517</b>	<b>1,247,848</b>

## 21. Subsidies for the Development of the University

	2021	2020
Subsidies for the development of the University's property	238,709	137,271
Subsidies under Strategic Academic Leadership Programme	270,302	-
Subsidies under Competitiveness Enhancement Programme (Project 5-100)	-	1,043,844
<b>Total subsidies for the development of the University</b>	<b>509,011</b>	<b>1,181,115</b>

## 22. Subsidies and Donations for Scholarships

Included in income are the following types of subsidies and donations for scholarships:

	2021	2020
Student scholarships	310,157	304,906
Individual scholarships	26,388	10,374
<b>Total subsidies and donations for scholarships</b>	<b>336,545</b>	<b>315,280</b>

The expenses include the following types of subsidies and cash transfers:

	2021	2020
Student scholarships	(333,987)	(331,178)
Social support allowances	(29,600)	(34,933)
<b>Total scholarships and transfers</b>	<b>(363,587)</b>	<b>(366,111)</b>

## 23. Grants from Research foundations

Income from non-exchange transactions includes the following grants from research foundations.

	2021	2020
Grants from RSF	332,365	226,806
Grants Government support for National Technological Initiative Center for Quantum Communications	220,576	101,398
Grants for scientific research from RFBR	24,611	19,145
<b>Total grants from research foundations</b>	<b>577,552</b>	<b>347,349</b>

## 24. Salaries, Compensation under Civil Contracts and Charges for Said Payments

	2021	2020
Salaries	(3,503,445)	(3,298,649)
Social security contributions accrued	(929,747)	(879,974)
Compensation under civil contracts	(44,285)	(57,278)
Other payments	(9)	(4,281)
<b>Total salaries, compensation under civil contracts, including social security contributions</b>	<b>(4,477,486)</b>	<b>(4,240,182)</b>

## 25. Outsourced Services

	2021	2020
Utilities	(318,607)	(266,540)
Repair work	(260,781)	(375,036)
Research and development services	(161,961)	(69,082)
Conducting events, workshops, conferences	(154,000)	(154,001)
Maintenance of premises	(121,958)	(108,384)
Security, cash collection services	(95,421)	(87,215)
Technical maintenance of equipment and utility systems	(92,454)	(148,852)
Information and consulting services	(77,768)	(91,204)
Software maintenance, fine-tuning and acquisition	(67,456)	(33,292)
Telecommunications	(16,933)	(17,291)
Bank fees	(16,084)	(15,674)
Professional development	(9,877)	(2,536)
Lease of premises	(6,899)	(785)
Development of design documentation	(705)	-
Insurance	(686)	(798)
Other services	(138,994)	(144,629)
<b>Total outsourced services</b>	<b>(1,540,584)</b>	<b>(1,515,319)</b>

Other services in 2021 and 2020 include legal protection of intellectual property, representing the University in patent authorities, organisational and technical support services, etc.

## 26. Other Expenses

	2021	2020
Organising social functions	(57,991)	(220,596)
Advertising	(37,788)	(8,437)
Business trip expenses	(15,768)	(9,581)
Membership fees	(4,621)	(1,980)
Transport and accommodation allowances to students	(3,605)	(598)
Other expenses	(4,171)	(35,447)
<b>Total other expenses</b>	<b>(123,944)</b>	<b>(276,639)</b>

## 27. Taxes and Duties

	2021	2020
Land tax	(79,776)	(77,244)
Property tax	(62,663)	(66,190)
State duties and charges	(4,398)	(11,413)
Transport tax	(272)	(191)
Pollution charge	-	(263)
<b>Total taxes and duties</b>	<b>(147,109)</b>	<b>(155,301)</b>

## 28. Income Tax

Income tax was accrued on income from fee-based educational, research, and other services.

	2021	2020
Current income tax	(71,666)	(170,801)
Deferred tax	9,300	(2,109)
<b>Total income tax</b>	<b>(62,366)</b>	<b>(172,910)</b>

Current income tax rate applicable to NUST MISIS' income is 20%.

## 29. Consolidated Statement of Comparison of Budget and Actual Amounts

Below is the reconciliation between the actual amounts based on comparable information, as presented in the consolidated statement of comparison of budget and actual amounts, and actual amounts in the consolidated statement of cash flows for the year 2021. The consolidated financial statements have been prepared for the year 2021 and include all branches of NUST MISIS and Endowment Fund. The budget was also prepared for 2021 and included all of the University's branches, but not the Endowment Fund.

	Operating activities	Investing activities	Financing activities	Effect of changes in exchange rates	Total
Actual amounts on comparative basis, as presented in the budget and in the Statement of Comparison of Budget and Actual Amounts	514,170	(514,475)	-	(5,346)	<b>(5,651)</b>
Differences in the basis of accounting	(52,045)	17,198	34,847	-	-
Actual amount in the statement of cash flows	462,125	(497,277)	34,847	(5,346)	<b>(5,651)</b>

The differences in the basis of accounting include the difference in recognising property, plant and equipment and intangible assets under IPSAS and RAS.

## 30. Financial Risk Management

The risk management function within NUST MISIS is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise these risks.

### 30. Financial Risk Management (Continued)

Below is the structure of the University's financial assets and liabilities

	Note	31 December 2021	31 December 2020
<b>Cash and cash equivalents</b>			
Cash in bank settlement accounts	7	2,870,118	2,536,436
Treasury	7	405,738	745,025
Cash on hand	7	630	676
<b>Receivables</b>			
Trade receivables	8	241,696	199,782
Other financial receivables	8	7,469	74,289
Financial support for bids and contracts	10	-	25,869
<b>Investments in shares and bonds of Endowment Fund</b>			
Debt securities	9	478,609	470,628
Shares	9	6,672	22,262
<b>Total financial assets</b>		<b>4,010,932</b>	<b>4,074,967</b>
<b>Accounts payable</b>			
Trade payables	13	208,195	158,566
Other payables	13	27	4,687
Other liabilities	10	12,960	25,869
<b>Total financial liabilities</b>		<b>221,182</b>	<b>189,122</b>

**Credit risk.** NUST MISIS takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of services provided as part of NUST MISIS income-generating activities on deferral terms, and as a result of the University's cash deposits in bank accounts and Treasury accounts.

Cash and cash equivalents represent the most significant financial assets of the University. The University's management controls the credit risk by establishing a list of banks with which the University can deposit cash and cash equivalents. The analysis of cash and cash equivalents by their credit quality is presented in Note 7.

In respect of trade receivables, NUST MISIS reviews the ageing analysis of outstanding trade receivables and follows up on past due balances.

The maximum credit risk exposure arising for the University by types of assets can be estimated using the above table of financial assets and liability structure.

**Market risk.** NUST MISIS takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, all of which are exposed to general and specific market movements.

NUST MISIS caps the level of acceptable risk and monitors it on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

**Currency risk.** NUST MISIS' assets and liabilities are barely exposed to currency risk. As at 31 December 2021 and 31 December 2020, over 80% of the University's financial assets and 100% of its financial liabilities are denominated in Russian roubles. In respect of currency risk, NUST MISIS sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

**Liquidity risk.** Liquidity risk is the risk that NUST MISIS will encounter difficulty in meeting financial liabilities. NUST MISIS is exposed to daily calls on its available cash resources. NUST MISIS management monitors monthly rolling forecasts of cash flows.

### 30. Financial Risk Management (Continued)

The maturity analysis of financial liabilities is as follows:

	Note	Demand and less than 1 month	From 1 to 3 months	Total
<b>31 December 2021</b>				
<b>Liabilities</b>				
Trade payables	13	208,195	-	208,195
Other financial payables	13	27	-	27
<b>Total payments, including future principal and interest payments</b>		<b>208,222</b>	<b>-</b>	<b>208,222</b>
<hr/>				
	Note	Demand and less than 1 months	From 1 to 3 months	Total
<b>31 December 2020</b>				
<b>Liabilities</b>				
Trade payables	13	158,566	-	158,566
Other financial payables	13	4,687	-	4,687
<b>Total payments, including future principal and interest payments</b>		<b>163,253</b>	<b>-</b>	<b>163,253</b>

### 31. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control, or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Balances and transactions with related parties were as follows:

Related party transactions	Sale of goods and services		Purchases of goods and services	
	2021	2020	2021	2020
Associate	5,595	3,605	550	275
Other related parties	-	-	-	-
<b>Total</b>	<b>5,595</b>	<b>3,605</b>	<b>550</b>	<b>275</b>
<hr/>				
Payables to and receivables from related parties	Receivables		Accounts payable	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Associate	177	496	3,409	689
<b>Total</b>	<b>177</b>	<b>496</b>	<b>3,409</b>	<b>689</b>

### Compensation to key management personnel

Key management personnel includes the following persons: President, Rectors and Vice-Rectors, members of the Supervisory Board and Academic Council.

The information about remunerations to the University's key management personnel, including social security contributions, is presented in the table below:



### 31. Balances and Transactions with Related Parties (Continued)

	2021	2020
<i>Short-term benefits:</i>		
- Incentive benefits, bonuses and increments	165,337	224,545
- Salaries	113,174	132,033
- Social insurance contributions	60,966	70,864
- Other payments	27,793	19,866
<b>Total</b>	<b>367,270</b>	<b>447,308</b>

### 32. Contingencies and Commitments

**Legal proceedings.** From time to time and in the normal course of business, claims against the University may be received. The University is currently at the litigation stage in the Moscow Arbitrazh Court in the case to collect cash compensation for the value of property transferred to PAO Moscow United Energy Company in the amount of RUB 170,090 thousand. The risk of potential unfavourable outcome for the University is assessed as average, hence no provision was made for this litigation in these consolidated financial statements as at 31 December 2021.

The University has no other significant litigations at 31 December 2021 other than the one disclosed in Note 17.

**Tax contingencies.** Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the University. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review were made. Under certain circumstances reviews may cover longer periods.

**Capital expenditure commitments.** As at 31 December 2021, the University had contractual commitments to purchase property, plant and equipment for a total of RUB 346,178 thousand (31 December 2020: RUB 292,773 thousand).

### 33. Events After the Reporting Period

The geopolitical situation involving Russia and Ukraine has deteriorated since the end of 2021, which has increased volatility of prices at financial and commodity markets as well as of foreign exchange rates.

The military special operation in Ukraine was commenced on 24 February 2022, and western countries started introducing sanctions against Russian banks, legal entities and individuals, and further economic sanctions are expected. It is impossible to predict how long the increased volatility will remain in place and at what level these consolidated financial indicators will eventually stabilise.

In March 2022, Fitch International Rating Agency downgraded the credit ratings of Russian banks and related branches to C/CC due to the military operation conducted by Russia in Ukraine, and then revoked them completely in late March - early April 2022.

QS rating agency (Quacquarelli Symonds) decided to discontinue its operations in Russia and exclude Russian and Belorussian universities from new ratings because of the situation in Ukraine. However, ARWU international ratings and those of RAEX rating agency remain in place.

As at the sign-off date of these consolidated financial statements, the University has no significant financial risks, including credit risk, it is marginally exposed to the foreign exchange risk, has no external or internal loans, and receives main funding from the Russian Ministry of Science and Higher Education. Volatility in financial markets may have a negative effect on the valuation of the University's assets.

According to the management, events after the reporting period do not have a significant negative effect on the University's current operations and its ability to continue as a going concern in the foreseeable future.



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