

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**

**International Financial Reporting Standards  
Financial statements and  
Independent Auditor's Report**

**31 December 2021**

# PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA

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## Independent Auditor's Report

To the Supervisory Board and to the management of PEOPLE'S FRIENDSHIP UNIVERSITY OF RUSSIA:

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PEOPLE'S FRIENDSHIP UNIVERSITY OF RUSSIA (the "University") as at 31 December 2021, and the University's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### What we have audited

The University's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

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

We 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 financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



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

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

In preparing the financial statements, management is responsible for assessing the 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.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

27 June 2022

Moscow, Russian Federation



V.V. Solov'yev 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 - 21906105041)

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Statement of Financial Position**  
**31 December 2021**

*In thousands of Russian roubles* Note **31 December 2021** **31 December 2020** **1 January 2020**

**ASSETS**

**Non-current assets**

|                                 |   |                   |                   |                   |
|---------------------------------|---|-------------------|-------------------|-------------------|
| Property, plant and equipment   | 7 | 27,505,169        | 27,909,438        | 27,953,339        |
| Intangible assets               | 8 | 82,097            | 19,474            | 11,414            |
| Investments in associates       |   | 4,243             | 4,154             | 1,989             |
| <b>Total non-current assets</b> |   | <b>27,591,509</b> | <b>27,933,066</b> | <b>27,966,742</b> |

**Current assets**

|                                |    |                   |                   |                   |
|--------------------------------|----|-------------------|-------------------|-------------------|
| Inventories                    |    | 147,345           | 171,888           | 75,376            |
| Accounts receivable            | 10 | 393,045           | 586,706           | 572,305           |
| Current income tax prepayments |    | 50,798            | 7,241             | 69,351            |
| Bank deposits                  | 9  | -                 | 2,256,713         | 1,881,000         |
| Cash and cash equivalents      | 9  | 4,418,594         | 1,465,259         | 1,380,745         |
| Other current assets           | 11 | 38,085            | 186,270           | 196,879           |
| <b>Total current assets</b>    |    | <b>5,047,867</b>  | <b>4,674,077</b>  | <b>4,175,656</b>  |
| <b>TOTAL ASSETS</b>            |    | <b>32,639,376</b> | <b>32,607,143</b> | <b>32,142,398</b> |

**EQUITY**

|  |    |                   |                   |                   |
|--|----|-------------------|-------------------|-------------------|
| Settlements with the founder                           | 12 | 24,066,587        | 23,941,604        | 23,941,604        |
| Accumulated income                                     |    | 5,516,975         | 5,681,488         | 5,113,683         |
| <b>Equity attributable to the University's founder</b> |    | <b>29,583,562</b> | <b>29,623,092</b> | <b>29,055,287</b> |
| <b>TOTAL EQUITY</b>                                    |    | <b>29,583,562</b> | <b>29,623,092</b> | <b>29,055,287</b> |

**LIABILITIES**

**Non-current liabilities**

|                                      |    |              |               |               |
|--------------------------------------|----|--------------|---------------|---------------|
| Deferred income tax liability        | 21 | 5,420        | 12,463        | 32,715        |
| <b>Total non-current liabilities</b> |    | <b>5,420</b> | <b>12,463</b> | <b>32,715</b> |

**Current liabilities**

|  |    |                   |                   |                   |
|--|----|-------------------|-------------------|-------------------|
| Accounts payable                           | 13 | 961,414           | 833,604           | 807,076           |
| Contract liabilities from primary activity | 14 | 1,876,975         | 1,788,531         | 1,773,471         |
| Deferred income from grants                |    | 132,051           | 142,850           | 359,042           |
| Other taxes payable                        |    | 54,081            | 79,607            | 49,119            |
| Other current liabilities                  | 11 | 25,873            | 126,996           | 65,688            |
| <b>Total current liabilities</b>           |    | <b>3,050,394</b>  | <b>2,971,588</b>  | <b>3,054,396</b>  |
| <b>TOTAL LIABILITIES</b>                   |    | <b>3,055,814</b>  | <b>2,984,051</b>  | <b>3,087,111</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |    | <b>32,639,376</b> | <b>32,607,143</b> | <b>32,142,398</b> |

Approved for issue and signed on 27 June 2022

Yastrebov O. A.  
Rector



Zanegina B. V.  
Acting chief accountant

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 31 December 2021**

| <i>in thousands of Russian roubles</i>  | <b>Note</b> | <b>2021</b>         | <b>2020</b>         |
|---|-------------|---------------------|---------------------|
| Revenue from primary activity   | 15          | 11,516,548          | 10,748,382          |
| Income from subsidies   | 16          | 844,128             | 1,503,243           |
| Other income  | 17          | 300,126             | 272,615             |
| <b>Total revenue and income</b>   |             | <b>12,660,802</b>   | <b>12,524,240</b>   |
| Employee costs, compensation under civil contracts, including insurance contributions | 18          | (8,727,378)         | (8,285,107)         |
| Outsourced services   | 19          | (1,419,558)         | (1,175,991)         |
| Depreciation of property, plant and equipment   | 7           | (1,279,286)         | (1,045,272)         |
| Scholarships and transfers to general public  |             | (534,026)           | (526,062)           |
| Cost of raw materials and consumables used  |             | (347,293)           | (417,135)           |
| Net expense on expected credit losses of receivables                                  | 10          | (122,889)           | (206,461)           |
| Taxes and levies  | 20          | (120,144)           | (132,591)           |
| Amortisation of other intangible assets   | 8           | (31,190)            | (4,232)             |
| Other expenses  |             | (215,344)           | (256,443)           |
| <b>Total operating expenses</b>   |             | <b>(12,797,108)</b> | <b>(12,049,294)</b> |
| <b>Operating (loss)/profit</b>  |             | <b>(136,306)</b>    | <b>474,946</b>      |
| Finance income  | 22          | 184,466             | 164,937             |
| Foreign exchange differences, net   | 23          | (7,262)             | 92,690              |
| Share of result of associates   |             | 89                  | 1,900               |
| <b>Profit before income tax</b>   |             | <b>40,987</b>       | <b>734,473</b>      |
| Income tax expense  | 21          | (205,500)           | (166,668)           |
| <b>(LOSS)/PROFIT FOR THE YEAR</b>   |             | <b>(164,513)</b>    | <b>567,805</b>      |
| <b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>                                 |             | <b>(164,513)</b>    | <b>567,805</b>      |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2021**

| <i>In thousands of Russian roubles</i>     | Note | Settlements with<br>the founder | Accumulated<br>income | Total equity      |
|--|------|---------------------------------|-----------------------|-------------------|
| <b>Balance at 1 January 2020</b>           |      | <b>23,941,604</b>               | <b>5,113,683</b>      | <b>29,055,287</b> |
| Comprehensive income for the year          |      | -                               | 567,805               | 567,805           |
| <b>Total comprehensive income for 2020</b> |      |                                 | <b>567,805</b>        | <b>567,805</b>    |
| <b>Balance at 31 December 2020</b>         |      | <b>23,941,604</b>               | <b>5,681,488</b>      | <b>29,623,092</b> |
| Comprehensive loss for the year            |      | -                               | (164,513)             | (164,513)         |
| <b>Total comprehensive loss for 2021</b>   |      |                                 | <b>(164,513)</b>      | <b>(164,513)</b>  |
| Transfer of plant, property and equipment  | 12   | 124,983                         | -                     | 124,983           |
| <b>Balance at 31 December 2021</b>         |      | <b>24,066,587</b>               | <b>5,516,975</b>      | <b>29,583,562</b> |

The accompanying notes on pages 5 - 35 form an integral part of these consolidated financial statements



**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Statement of Cash Flows**  
**for the year ended 31 December 2021**

| <i>In thousands of Russian roubles</i>   | <b>Note</b> | <b>2021</b>      | <b>2020</b>        |
|--|-------------|------------------|--------------------|
| <b>Cash flows from operating activities</b>  |             |                  |                    |
| <b>Profit before income tax</b>  |             | <b>40,987</b>    | <b>734,473</b>     |
| <b>Adjustments for:</b>  |             |                  |                    |
| Depreciation of property, plant and equipment  | 7           | 1,279,286        | 1,045,272          |
| Amortisation of intangible assets  | 8           | 31,190           | 4,232              |
| Net expense from ECL on financial assets   | 10          | 122,889          | 206,461            |
| Loss on disposal of property, plant and equipment and intangible assets                          |             | -                | 38                 |
| Foreign exchange expenses/(income)   | 23          | 7,262            | (92,690)           |
| Interest income  | 22          | (184,462)        | (162,115)          |
| Share in results of associates   |             | (89)             | (1,900)            |
| Other financial income   | 22          | (4)              | (2,822)            |
| <b>Operating cash flows before working capital changes</b>                                       |             | <b>1,297,059</b> | <b>1,730,949</b>   |
| Decrease/(increase) in accounts receivable, prepayments and other current assets                 |             | 247,934          | (18,004)           |
| Decrease/(increase) in inventory   |             | 24,544           | (96,512)           |
| Increase/(decrease) in contract liabilities from primary activity and accounts payable           |             | 104,331          | (105,193)          |
| (Decrease)/increase in arrears in settlements with the budget for other taxes and contributions  |             | (26,723)         | 30,488             |
| <b>Changes in working capital</b>  |             | <b>350,086</b>   | <b>(189,221)</b>   |
| Income tax paid  |             | (256,099)        | (124,811)          |
| <b>Net cash from operating activities</b>  |             | <b>1,391,046</b> | <b>1,416,917</b>   |
| <b>Cash flows from investing activities</b>  |             |                  |                    |
| Acquisition of fixed assets  |             | (750,034)        | (1,009,739)        |
| Bank deposits placed   |             | (1,630,000)      | (3,655,101)        |
| Proceeds from the return of deposits   |             | 3,884,216        | 3,323,351          |
| Acquisition of intangible assets   |             | (93,813)         | (12,292)           |
| Interest received  |             | 184,462          | 164,937            |
| <b>Net cash from/(used in) investing activities</b>  |             | <b>1,594,831</b> | <b>(1,188,844)</b> |
| <b>The impact of changes in the exchange rate on cash and their foreign currency equivalents</b> |             | <b>(32,542)</b>  | <b>(143,559)</b>   |
| <b>Changes on cash and cash equivalents</b>  |             | <b>2,953,335</b> | <b>84,514</b>      |
| <b>Cash and cash equivalents at the beginning of the year</b>                                    | 9           | <b>1,465,259</b> | <b>1,380,745</b>   |
| <b>Cash and cash equivalents at the end of the year</b>  | 9           | <b>4,418,594</b> | <b>1,465,259</b>   |

The accompanying notes on pages 5 - 35 form an integral part of these consolidated financial statements

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**1 The University and its Operations**

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021 for PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA (hereinafter, the "University" or "RUDN").

The University was established under the USSR Government Resolution in 1960. Under the Russian President Decree of 12 March 2012, the University was entitled to independently develop and implement its own higher educational programmes.

The University is a unitary not-for-profit entity established to achieve educational, scientific, social and cultural goals.

The founder of RUDN is the Russian Federation. The founder's powers and authority are executed by the Ministry of Education and Science of the Russian Federation.

**Principal activity.** The University implements educational programmes in higher and secondary vocational education programmes, and additional general education and professional programmes, and engages in fundamental and applied scientific research. The University provides education to develop professionals in healthcare, economy, philology, law and other areas.

The University is the base institution for the Network University of the CIS and coordinator of the SCO Network University, it is part of the Venice Consortium of Higher Education Universities programme and is actively involved in establishing and developing the BRICS Network University.

As at 31 December 2021, the University had one branch in the Russian Federation: The Sochi Institute (Branch) of University (31 December 2020 and 2019: one branch) and one representative office in the Republic of Uzbekistan (as of 31 December 2020 - one representative office; as of 1 January 2020, the University had no representative offices). Representative office in the Republic of Uzbekistan as of 31 December 2021 and 31 December 2020 did not conduct activities.

The University has investments in associates with an interest of 10-35.7%. The number of associates as at 31 December 2021 totalled 9 entities (31 December 2020: 5 entities, 31 December 2019: 6 entities). Investments in associates are made to commercialise the University's scientific developments. The University's interest in associates is formed through the contribution of the rights to use intellectual property for which the University has an exclusive ownership.

| <i>In thousands of Russian roubles</i>  | <b>31 December 2021</b> | <b>31 December 2020</b> | <b>1 January 2020</b> |
|---|-------------------------|-------------------------|-----------------------|
| VETF LLC                                | 35.7 %                  | 35.7 %                  | 25.0 %                |
| ICDS LLC                                | 35.0 %                  | -                       | -                     |
| ICETP LLC                               | 35.0 %                  | -                       | -                     |
| AMANI LLC                               | 35.0 %                  | 35.0 %                  | 35.0 %                |
| NIILAB Hybrid and Aesthetic Surgery LLC | 25.0 %                  | 25.0 %                  | 25.0 %                |
| Innovatika LLC                          | 25.0 %                  | -                       | -                     |
| Innovative management systems LLC       | 25.0 %                  | 25.0 %                  | 25.0 %                |
| RUDN-NOC LLC                            | 10.0 %                  | -                       | -                     |
| CCT RUDN LLC                            | 10.0 %                  | -                       | -                     |
| Alphananotech OJSC                      | -                       | 32.0 %                  | 32.0 %                |
| Militest LLC                            | -                       | -                       | 35.0 %                |

**Registered and actual address:** 6 Miklukho-Maklaya str., Moscow, 119049, Russian Federation.

**2 Operating Environment of the University**

**Russian Federation.** The legal, tax and regulatory frameworks in the Russian Federation continue to develop and are subject to frequent changes. The changes also cover the education system, which determines Russia's social, economic, scientific and technology potential. The main drivers of these processes include preparing talents with international levels of professionalism and social competences, and continuously improving their qualifications.

## **2 Operating Environment of the University (continued)**

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.

The management of the University believes that it takes all necessary measures to support the sustainability and development of the University in the current economic environment, and such government initiatives make the management confident of the development prospects for the University in the mid- and long-term perspective.

In 2021, ongoing political tensions intensified as a result of further developments in the situation with Ukraine, which negatively affected commodity and financial markets and increased the volatility of stock markets. Since December 2021, the situation has continued to deteriorate and remains highly volatile. There is increased volatility in the financial and commodity markets. Additional sanctions and restrictions on the business activity of organizations operating in the region are expected. The consequences of sanctions for the economy as a whole, including the impact on the Russian public sector, the potential shortage of funding for government contracts, the possible termination of investment, educational and scientific programs, it is not possible 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.

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 University's operations and support its customers, students and employees:

- Increase in the capability of digital services;
- Receive subsidies from the Government;
- Provide remote education to the students.

### ***The Priority 2030 program***

The "Priority 2030" program, which replaced the "5/100" Competitiveness Program, has become the largest ever government project to support the development of Russian universities. The goal of the "Priority 2030" program is to form a broad group of universities that will become leaders in creating new scientific knowledge, technologies and developments for implementation in the Russian economy and social sphere. On 23 September 2021, the Ministry of Science and Higher Education of the Russian Federation announced the list of organizations participating in the Priority 2030 program. Applications were formed by 191 universities, only 106 finalist universities were included in the final list. RUDN is among the winners. All "Priority 2030" iversities will receive the base part of the grant in the amount of 100 million rubles.

### **3 Summary of Significant Accounting Policies**

**Basis of preparation.** These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The date of transition to IFRS is 1 January 2020. Until 1 January 2020, the University prepared its financial statements in accordance with International Public Sector Accounting Standards ("IPSAS"). These financial statements have been prepared on the basis of historical cost accounting rules, except for property, plant and equipment, for which the fair value at the date of transition to IFRS was used as the deemed cost, and except for financial instruments measured at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below. These principles have been consistently applied to all periods presented in the financial statements. Information on the exceptions applied in the preparation of these financial statements relating to the application of IFRS, as well as an assessment of the impact of the transition from IPSAS to IFRS, is presented in Note 29.

The preparation of financial statements in conformity with IFRS 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 accounting areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

**Foreign currency translation.** The functional currency of the University is the currency of the primary economic environment in which it operates. The functional currency and presentation currency of the University is the national currency of the Russian Federation, Russian Roubles ("RR"). The financial statements are presented in Russian Roubles ("RR"), which is the University's presentation currency.

**Transactions and balances.** Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into University's functional currency at year-end official exchange rates of the CBRF are recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within "Foreign exchange differences, net" line. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2021, the principal rate of exchange used for translating foreign currency balances was USD 1 = RR 74.2926, EUR 1 = RR 84.0695, (31 December 2020: USD 1 = RR 73.8757, EUR 1 = RR 90.6824, 1 January 2020: USD 1 = RR 61.9057, EUR 1 = RR 69.3406).

**Associates.** Associates are entities over which the University has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the University's share of net assets of an associate are recognised as follows: (i) the University's share of profits or losses of associates is recorded in the profit or loss for the year as the share of results of associates, (ii) the University's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the University's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the University's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the University does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the University and its associates are eliminated to the extent of the University's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**Disposals associates.** When the University ceases to have significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate. In addition, any amounts previously recognised in other

### **3 Summary of Significant Accounting Policies (continued)**

comprehensive income in respect of that entity, are accounted for as if the University had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**Property, plant and equipment.** All fixed assets of the University are divided into (a) fixed assets under operational management, and (b) other fixed assets, in respect of which there are no restrictions compared to fixed assets under operational management.

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

Property, plant and equipment under operative management include immovable, highly valuable movable property, construction in progress and land plots transferred for unlimited use to the University. Highly valuable movable property is movable property that is acquired at the expense of state funding sources and the value of which is more than RR 500 thousand. The University operates these assets within limits set by law and pursuant to its goals, 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 the University or acquired by the University from funds provided by the owner to purchase the property. The owner of the property removed from the University can dispose of such property at its discretion. The property owner is not liable for the obligations of the University.

As at the date of first application of IFRS, the University made a decision to measure items of property, plant and equipment at fair value. The fair value of property, plant and equipment was taken as a deemed cost. The fair value of property, plant and equipment included in immovable property, including buildings, structures, land plots and inseparable improvements, as well as highly valuable movable property was assessed by a professional independent appraiser (Note 29).

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment loss. Property, plant and equipment includes investments in construction in progress to be further used as property, plant and equipment of the University. The University's construction in progress includes but is not limited to assets under construction financed under the Russian Federal Targeted Investment Programme (FTIP).

Subsequent costs are recognized in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is highly probable that the future economic benefits associated with the asset will flow to the University and the asset's cost can be measured reliably. Costs of minor repairs and maintenance are expensed when incurred. Costs on modernisation and capital repair of property, plant and equipment are capitalised when the parts to be replaced are written off simultaneously.

At the end of each reporting period University management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, University management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in net surplus or deficit for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Gain or loss on disposal of property, plant and equipment is determined as the difference between the proceeds received from the sale and their carrying amount and is recognized in profit or loss for the year as part of other profit / (loss).

**3 Summary of Significant Accounting Policies (continued)**

**Depreciation.** Land plots are not depreciated. Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives:

|   | <b>Useful lives in years</b> |
|---|------------------------------|
| Residential and non-residential buildings | 10-60                        |
| Plant and equipment                       | 6-25                         |
| Production and maintenance tools          | 6-15                         |
| Structures                                | 7-35                         |
| Transport vehicles                        | 2-10                         |

The residual value of an asset is the estimated amount that the University would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was 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.

**Intangible assets.** An intangible asset shall be recognized only when: (a) it is probable that the expected future economic benefits or service potential of the asset will flow to the University, and (b) the cost or fair value of the item can be measured reliably. Acquired computer software licenses are capitalized at the cost incurred to acquire and bring them to use. Intangible assets resulting from scientific research are not subject to recognition. Costs incurred during the research and development stage are recognized as an expense when they are incurred.

The intangible asset, which is the result of development and design work, shall be recognised only when the University can demonstrate that all of the following conditions are in place: (a) the asset's complete bringing into a state suitable for operation or sale is technically feasible; (b) there is an intention to complete the asset's development and operate or sell it; (c) the intangible asset can be used or sold; (d) it can support the way the asset will generate future economic benefits or value in use; (e) technical, financial and other resources are available to complete the development work, use or sell the intangible asset; and (f) it can reliably estimate any costs attributable to the intangible asset that were incurred in the course of its development.

The patents, software products, know-how and the website developed by the University's resources are capitalised within expenses incurred when the intangible asset satisfied the above criteria for the first time. The cost of intangible assets developed by the University's resources includes all direct expenses incurred to develop, produce and prepare the asset for use per management's intentions. Any costs previously recognised as expenses are not included in the cost of intangible assets.

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

Intangible assets are amortised using the straight-line method over their useful lives:

|                         | <b>Useful lives in years</b> |
|-------------------------|------------------------------|
| Internet websites       | 2-7                          |
| Licences                | 1-3                          |
| Other intangible assets | 2-10                         |

An asset starts to be amortised when it becomes ready for use, i.e. when its location and condition enable to use the asset in accordance with management intentions. Amortisation is charged to surplus or deficit for the period. The University derecognises intangible assets within assets upon disposal or when no future economic benefits or service potential are expected from its use or disposal. The financial result arising from derecognition of intangible assets (defined as the difference between net proceeds from disposal and the carrying amount of the asset) is included in the surplus or deficit for the reporting period.

### 3 Summary of Significant Accounting Policies (continued)

**Impairment of non-financial assets.** Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

**Financial instruments – key measurement terms.** *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments 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 the University. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 27.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

*Amortised cost ("AC")* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

### 3 Summary of Significant Accounting Policies (continued)

**Financial instruments – initial recognition.** Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the University commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

**Financial assets – classification and subsequent measurement – measurement categories.** The University classifies financial assets in the following measurement categories: FVTPL and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the University's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

**Financial assets – classification and subsequent measurement – business model.** The business model reflects how the University manages the assets in order to generate cash flows – whether the University's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the University undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the University in determining the business model include past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed. Refer to Note 5 for critical judgements applied by the University in determining the business models for its financial assets.

**Financial assets – classification and subsequent measurement – cash flow characteristics.** Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the University assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the University considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 5 for critical judgements applied by the University in performing the SPPI test for its financial assets.

**Financial assets – reclassification.** Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

**Financial assets impairment – credit loss allowance for ECL.** The University assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and for the exposures arising from loan commitments and financial guarantee contracts. The University measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the statement of financial position.



### **3 Summary of Significant Accounting Policies (continued)**

The University applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the University identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 24 for a description of how the University determines when a SICR has occurred. If the University determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The University's definition of credit impaired assets and definition of default is explained in Note 24. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 24 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the University incorporates forward-looking information in the ECL models.

**Financial assets – derecognition.** The University derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the University has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

**Financial assets – modification.** The University sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The University assesses whether the modification of contractual cash flows is substantial.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the University derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The University also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with founders.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the University compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The University recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

**Financial liabilities – measurement categories.** Financial liabilities are classified as subsequently measured at amortised cost.

**Financial liabilities – derecognition.** Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

**Offsetting financial instruments.** Financial assets and liabilities are offset and the net amount 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. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

**Cash and cash equivalents.** Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted cash balances are excluded from cash and cash equivalents.

### **3 Summary of Significant Accounting Policies (continued)**

**Receivables from primary activity and other receivables.** Receivables from primary activity and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

**Payables from primary activity and other payables.** Payables from primary activity and other receivables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

**Operating lease.** Where the University is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Article 251 "Income Not Treated as Deductible for Tax Purposes" of Article 25 of the Russian Tax Code 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 operations prescribed by their charters that were provided gratuitously based on decisions by government agencies, local authorities and management bodies of state non-budget 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 the University during the reporting period. Income taxes for 2021-2020 were assessed on income from fee-based educational services, scientific research conducted on a commercial basis and other commercial services. The income tax charge/credit comprises current tax and deferred tax and is recognised in surplus or deficit for the year, except if it is recognised in the equity because it relates to transactions that are also recognised, in the same or a different period, in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided 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. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. 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.

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, their 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, unless such assets or liabilities are directly attributable to a taxable activity.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

**Uncertain tax positions.** The University's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the

### **3 Summary of Significant Accounting Policies (continued)**

expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance expenses and other gains/(losses), net, respectively.

**Value added tax.** Value added tax relating to sales proceeds is payable to the budget on the earlier of two dates: (a) the date of receipt of receivables from customers or (b) the date of shipment (transfer) of services to customers. VAT paid on the purchase of goods and services is usually recoverable by way of an offset against the VAT charged on sales proceeds upon receipt of the seller's invoice. Tax Authorities Allow Settlement of VAT on a Net Basis. Output value added tax (VAT) payable and VAT recoverable from the budget is recognised in the 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 for the gross amount of the debtor, including VAT.

**Inventories.** Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

**Provisions for liabilities and charges.** Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Where the University expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to the provision is recognized in the Statement of Profit or Loss and Other Comprehensive Income, net of any reimbursement.

#### **Revenue recognition from primary activities.**

Revenue is income arising in the course of the University's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the University expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Financing of educational activities is carried out at the expense of state subsidies and payment for educational services by individuals and legal entities.

**Revenue from the educational services financed by the state.** The amount of subsidies allocated by the government for the provision of educational services depends on the name, quantity of public services and standard costs to provide public services by price groups of major qualifications and areas of training. 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.

**Revenue from the general and additional educational services provided on a fee basis.** Revenues from rendering fee-based educational services are recognised on a monthly basis, pro rata to the time spent on training delivery in the reporting period, when the service was rendered. For the most of education programmes the period of providing services is equal to 10 months. Revenues are measured based on the fair value of the consideration received or receivable. Transactions for which an uncertainty arises about the probability of the economic benefit inflow, for example when overdue receivables exceed two semesters (or 360 days), revenue is recognised in the period when consideration for such services was received

**Revenue from research and development services.** Research and development services are performed both in accordance with a public engagement and under agreements signed with various Ministries, government

### **3 Summary of Significant Accounting Policies (continued)**

agencies and commercial organisations. Research and development services are provided within the framework of a public engagement, for the subjects of research formulated in line with priority outlines for science and technology development approved by the Russian Federation. Revenue from research and development services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. The proportion of the services rendered is calculated by reference to the proportion of actual costs incurred under the agreement to total costs under the agreement. Revenues are shown net of VAT. Revenues are measured based on the fair value of the consideration received or receivable.

*Compensation of expenses incurred by the University to provide conditions for implementing projects related to grants from the Russian Foundation for Basic Research (the "RFBR") (referred to as the "Foundation").* The University is a party to a trilateral agreement between the Foundation, the University and the grant's recipient. The Foundation acts as client under the trilateral agreement, and the recipient of the grant acts as a contractor. The University assists in the implementation of the project, engages in settlements 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) in the University's account, including receiving all or part of funds as transfers to its account or in cash (depending on the entity's ability), instructing the University to sign and pay from the grant contracts with third parties for the supply of equipment, performance of work and provision of services. The recipient of the grant reimburses the University's out-of-pocket expenses of no more than ten percent of the grant amount. In this regard, the University recognises income gained and expenses incurred for ensuring the financing of the Foundation grant recipient, on net basis and includes the revenue in the amount of expenses to be reimbursed to the University as part of other revenue.

*Other services.* The University provides the following other services for a fee:

- additional accommodation in dormitories;
- medical services;
- other types of services.

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

#### ***Subsidies***

*Subsidies for the acquisition of fixed assets and major repairs.* Budget appropriation under the FTIP are federal budget funds allocated for budgetary investments under the rules of making capital investments into the state property of the Russian Federation in accordance with the Federal Targeted Investment Programme (FTIP). The budget appropriation is intended for investing in new construction, expansion, renovation and technical upgrade of the existing buildings and structures, purchase of cars, equipment, tools, fixtures, research and development and other expenses. The budget appropriations are recognised as revenues in the Statement of profit or loss and other comprehensive income for the reporting period in the amount corresponding to the costs incurred and capitalised during the reporting period.

*Subsidies and donations for scholarships.* The budgetary funds received in the form of a subsidy for student scholarships, and other payments from budgets of all levels (including budgetary funds 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. Personal scholarships are fully treated as revenue for the period.

*Donations for activities prescribed by the Charter and University development.* 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.

### **3 Summary of Significant Accounting Policies (continued)**

The voluntary donations received by the University during the reporting period are used in accordance with their contractual purposes and recognised within revenue for the period as follows:

- when under the assets' transfer conditions, the University is required to either use future economic benefits or service potential associated with the assets in due course, or return them to the giving party if the conditions are not met, then revenues are recognised when the conditions are satisfied;
- when no conditions are prescribed for the assets' transfer, the University recognises revenues, when control over the asset originally is established.

#### **Other income recognition**

**Providing property for rent.** Income from property rental services is recognized on a monthly basis and is calculated in relation to the amount of the rent stipulated by the lease agreement and the number of days of use of the leased premises in the reporting month. Compensation for utilities from tenants is also recognized as other income.

**Employee benefits.** Short-term employee benefits paid to the University's 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. Short-term employee benefits are recognised in the reporting period in which the services were provided by the employees. The University does not have any legal or business-as-usual obligation to pay pensions or similar benefits.

**Interest income.** Interest income is recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the University relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

**Contingent liabilities.** The University does not recognise contingent liabilities, unless the likelihood of the outflow of resources is remote, but discloses the nature of contingent liabilities and when feasible, an assessment of its impact on the financial indicators, the uncertainties relating to the amount or time of settlement and the probability of recovery as at the reporting date in the notes to the financial statements for each category of contingent liabilities.

**Contingent assets.** The University does not recognise contingent assets but discloses information on contingent assets in the Notes to 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.

**Amendment of the financial statements after issue.** Any changes to these financial statements after issue require approval of the University's management who authorised these financial statements for issue.

#### 4 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the University has not early adopted.

***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).*** These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

***IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023 by the Amendments to IFRS 17).*** IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

***Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).*** The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.

***Classification of liabilities as current or non-current - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).*** These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

***Classification of liabilities as current or non-current, deferral of effective date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).*** The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

***Proceeds before intended use, Onerous contracts - cost of fulfilling a contract, Reference to the Conceptual Framework - narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 - amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).***

#### **4 New Accounting Pronouncements (continued)**

**Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).** IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).** The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

**Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).** In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

**Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).** The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

**Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).**

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the University's financial statements.

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

The University makes accounting estimates and assumptions that affect the amounts recognised in the 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. The University's management also makes certain judgements, apart from those involving estimations, 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:

**Property under operative management and land plots under unlimited use.** To enable the University to perform its core activity, the Russian Federation has entitled the University to manage the property and use the land plots in perpetuity. Operating management gives the University a right to hold (use) immovable property and highly valuable movable property ("HVP") without a right to dispose of it. The right of full disposal of immovable property and HVP (including their withdrawal) is retained by the Russian Federation. The Russian Federation can dispose of any property withdrawn from the University at its discretion. The owner of property has never withdrawn the property in practice; as of the reporting date, the University does not have a list of assets approved by the founder which are subject to withdrawal. The University operates under public orders

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

for research and education services and does not expect any reduction in the volumes of its activity. Therefore, the University does not expect that the property will be withdrawn by the Russian Federation. The property and land plots have a potential benefit for the University in performing its statutory activities. Since the University controls the future potential benefit from the use of the property and land plots, it would be reasonable to recognise the property under operating management and the land plots used in perpetuity as assets.

**Recognition of settlements with founders in a separate line item "Settlements with the founder" in the Statement of financial position.** Settlements with the founder include the value of immovable property, highly valuable movable property, land plots used in perpetuity and construction in progress transferred by the Russian Federation to the University to perform its core activity provided in its Charter

**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 of the economic benefits embodied in the assets.

The University's management estimates the remaining useful lives of property, plant and equipment based on the current technical condition of the assets and estimated period during which the assets are expected to generate benefits or value in use for the University.

The following primary factors are considered:

- (a) expected usage of the assets;
- (b) expected physical wear and tear, which depends on operational factors and maintenance schedule;
- (c) obsolescence of equipment from the technology perspective.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2021 would be to increase it by RR 144,280 thousand or decrease it by RR 118,047 thousand (2020: increase by RR 134,130 thousand or decrease by RR 109,743 thousand).

**Expected credit loss (ECL) measurement.** Measurement of ECLs is a significant estimate that involves measurement methodology, models and data inputs. Refer to Note 24 for the ECL measurement approach.

For receivables from legal entities, the University assesses whether there is objective evidence of impairment on an individual basis.

For receivables from individuals, the University assesses whether there is objective evidence of impairment for individually significant amounts, and then collectively for the amounts receivable that are not individually significant.

In determining the amount of ECL allowance, the University's management considers the age of receivables and collectibility of the debt.

ECL allowance is made for 100% of doubtful receivables which are more than 360 days past due.

**Recognition of income and expenses on grants without a commercial component.** The University earns income from subsidies provided in the form of grants (from Russian Foundation for Basic Research and Russian Humanitarian Science Foundation) without a commercial component. The University initially recognises these subsidies within deferred income from grants. The University acts as a principal under the agreements on subsidies provided in the form of grants because under the agreements funds are allocated to the University to complete projects and research. Since grants can be provided at any time during the reporting period (not only at the beginning of the year) and for more than one year, income is recognised as expenses to be compensated for by the grants as incurred in the amount of actual costs. Costs actually incurred during one period are expensed in the reporting period. The University recognises income from grants within "Income from subsidies" in the statement of profit or loss. The University is aware of the conditions and procedure for recognising expenses under the subsidies, therefore, they are reasonably certain that they will receive income from the subsidy.

**Deferred income tax asset recognition.** The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recognised to the extent that realisation of the related tax deduction is probable. This includes temporary differences expected to reverse in the future and the availability of sufficient



**5 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)**

future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits probably deductible in the future are based on the business plan prepared by management and its extrapolated results. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

**Tax legislation.** Russian tax, currency and customs legislation is subject to varying interpretations. Refer to Note 25.

**6 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 economic substance of the relationship, not merely the legal form. Related parties include:

- entities controlled by the University directly or indirectly through one or more intermediaries;
- key management personnel of the University and their close family members;
- entities on which the University can have a significant impact.

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 IAS 24 "Related Party Disclosures", as:

- the transactions are conducted in line with typical business relations between the parties;
- the transactions are conducted under her terms and conditions that are normal for similar transactions under these circumstances.

As at 31 December 2021, 31 December 2020 and 1 January 2020 the University's related parties included:

- members of the Supervisory Board;
- President;
- Rector;
- University management (Vice-Rectors, Deans and others);
- members of the Academic Council;
- associates.

The income and expense items with related parties for the year ended 31 December 2021 were as follows:

| <i>In thousands of Russian roubles</i> | <b>University<br/>management</b> | <b>Academic<br/>Council</b> | <b>Supervisory Board</b> |
|--|----------------------------------|-----------------------------|--------------------------|
| Salary and other benefits              | 240,024                          | 150,949                     | 15,006                   |

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

| <i>In thousands of Russian roubles</i> | <b>University<br/>management</b> | <b>Academic<br/>Council</b> | <b>Supervisory Board</b> |
|--|----------------------------------|-----------------------------|--------------------------|
| Salary and other benefits              | 194,527                          | 162,862                     | 10,687                   |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**7 Property, Plant and Equipment**

Movements in the carrying amount of property, plant and equipment for the year ended 31 December 2021 were as follows:

| <i>In thousands of Russian roubles</i> | Freehold Land | Residential Buildings | Non-residential Buildings | Plant and equipment | Production inventory | Structures | Transport | Construction in progress and advances | Total       |
|--|---------------|-----------------------|---------------------------|---------------------|----------------------|------------|-----------|---------------------------------------|-------------|
| <b>At 31 December 2020</b>             | 14,308,400    | 2,054,001             | 7,931,091                 | 4,716,000           | 1,105,194            | 243,909    | 53,642    | 333,411                               | 30,745,648  |
| Additions                              | -             | -                     | 124,983                   | 467,879             | 168,975              | 6,430      | 558       | 133,722                               | 902,547     |
| Disposals                              | -             | -                     | (6,994)                   | (73,419)            | (103,942)            | -          | -         | -                                     | (184,355)   |
| Transfers                              | -             | -                     | -                         | 1,281               | -                    | -          | -         | (1,281)                               | -           |
| <b>At 31 December 2021</b>             | 14,308,400    | 2,054,001             | 8,049,080                 | 5,111,741           | 1,170,227            | 250,339    | 54,200    | 465,852                               | 31,463,840  |
| <b>Accumulated depreciation</b>        |               |                       |                           |                     |                      |            |           |                                       |             |
| <b>At 31 December 2020</b>             | -             | (61,827)              | (232,734)                 | (1,720,592)         | (782,862)            | (22,910)   | (15,285)  | -                                     | (2,836,210) |
| Depreciation charge                    | -             | (61,827)              | (232,770)                 | (766,863)           | (179,784)            | (22,474)   | (15,568)  | -                                     | (1,279,286) |
| Disposal of depreciation               | -             | -                     | 5,384                     | 63,853              | 87,588               | -          | -         | -                                     | 156,825     |
| <b>At 31 December 2021</b>             | -             | (123,654)             | (460,120)                 | (2,423,602)         | (875,058)            | (45,384)   | (30,853)  | -                                     | (3,958,671) |
| <b>Net Book Value</b>                  |               |                       |                           |                     |                      |            |           |                                       |             |
| <b>At 31 December 2020</b>             | 14,308,400    | 1,992,174             | 7,698,357                 | 2,995,408           | 322,332              | 220,999    | 38,357    | 333,411                               | 27,909,438  |
| <b>At 31 December 2021</b>             | 14,308,400    | 1,930,347             | 7,588,960                 | 2,688,139           | 295,169              | 204,955    | 23,347    | 465,852                               | 27,505,169  |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**7 Property, Plant and Equipment (continued)**

Movements in the carrying amount of property, plant and equipment for the year ended 31 December 2020 were as follows:

| <i>In thousands of Russian roubles</i> | Freehold Land     | Residential Buildings | Non-residential Buildings | Plant and equipment | Production Inventory | Structures      | Transport       | Construction in progress and advances | Total              |
|--|-------------------|-----------------------|---------------------------|---------------------|----------------------|-----------------|-----------------|---------------------------------------|--------------------|
| <b>Cost</b>                            |                   |                       |                           |                     |                      |                 |                 |                                       |                    |
| At 1 January 2020                      | 14,308,400        | 2,054,001             | 6,135,044                 | 2,557,360           | 1,004,934            | 240,015         | 49,384          | 3,494,146                             | 29,843,284         |
| Additions                              | -                 | -                     | 1,068                     | 892,546             | 80,626               | 3,894           | 2,398           | 42,994                                | 1,023,526          |
| Disposals                              | -                 | -                     | -                         | (84,976)            | (36,186)             | -               | -               | -                                     | (121,162)          |
| Transfers                              | -                 | -                     | 1,794,979                 | 1,351,070           | 55,820               | -               | 1,860           | (3,203,729)                           | -                  |
| <b>At 31 December 2020</b>             | <b>14,308,400</b> | <b>2,054,001</b>      | <b>7,931,091</b>          | <b>4,716,000</b>    | <b>1,105,194</b>     | <b>243,909</b>  | <b>53,642</b>   | <b>333,411</b>                        | <b>30,745,648</b>  |
| <b>Accumulated depreciation</b>        |                   |                       |                           |                     |                      |                 |                 |                                       |                    |
| At 1 January 2020                      | -                 | -                     | (3,589)                   | (1,187,115)         | (699,241)            | -               | -               | -                                     | (1,889,945)        |
| Depreciation charge                    | -                 | (61,827)              | (229,145)                 | (597,209)           | (118,896)            | (22,910)        | (15,285)        | -                                     | (1,045,272)        |
| Disposal of depreciation               | -                 | -                     | -                         | 63,732              | 35,275               | -               | -               | -                                     | 99,007             |
| <b>At 31 December 2020</b>             | <b>-</b>          | <b>(61,827)</b>       | <b>(232,734)</b>          | <b>(1,720,592)</b>  | <b>(782,862)</b>     | <b>(22,910)</b> | <b>(15,285)</b> | <b>-</b>                              | <b>(2,836,210)</b> |
| <b>Net Book Value</b>                  |                   |                       |                           |                     |                      |                 |                 |                                       |                    |
| At 1 January 2020                      | 14,308,400        | 2,054,001             | 6,131,455                 | 1,370,245           | 305,693              | 240,015         | 49,384          | 3,494,146                             | 27,953,339         |
| At 31 December 2020                    | 14,308,400        | 1,992,174             | 7,698,357                 | 2,995,408           | 322,332              | 220,999         | 38,357          | 333,411                               | 27,909,438         |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**7 Property, Plant and Equipment (continued)**

As of 31 December 2021 the University's plant, property and equipment includes assets under operational management with carrying value equal to RR 24,733,936 thousand (31 December 2020: RR 25,161,208 thousand, 1 January 2020: RR 22,347,481 thousand).

As of 31 December 2021 the University's plant, property and equipment includes advances issued for the purchase of plant, property and equipment with carrying value equal to RR 21,505 thousand (31 December 2020: RR 5,062 thousand, 1 January 2020: RR 822 thousand).

For the year ended 31 December 2020, the University put into operation the buildings (institute of advanced training, student dormitory and sports complex) and the equipment located in these buildings. Disposal of construction in progress represents equipment put into service with a useful life of less than one year.

**8 Intangible Assets**

Changes in carrying value of intangible assets for 2021 are presented below:

| <i>In thousands of Russian roubles</i> | <b>Web-sites</b> | <b>Licenses</b> | <b>Other</b> | <b>Unfinished developments</b> | <b>Total</b> |
|--|------------------|-----------------|--------------|--------------------------------|--------------|
| <b>Cost</b>                            |                  |                 |              |                                |              |
| At 31 December 2020                    | 17,491           | -               | 17,220       | 377                            | 35,088       |
| Additions                              | 1,347            | 34,182          | 35,762       | 22,522                         | 93,813       |
| Disposal                               | -                | -               | (57)         | -                              | (57)         |
| At 31 December 2021                    | 18,838           | 34,182          | 52,925       | 22,899                         | 128,844      |
| <b>Accumulated amortisation</b>        |                  |                 |              |                                |              |
| At 31 December 2020                    | (10,986)         | -               | (4,628)      | -                              | (15,614)     |
| Amortisation charge                    | (3,204)          | (15,143)        | (12,843)     | -                              | (31,190)     |
| Disposal                               | -                | -               | 57           | -                              | 57           |
| At 31 December 2021                    | (14,190)         | (15,143)        | (17,414)     | -                              | (46,747)     |
| <b>Net Book Value</b>                  |                  |                 |              |                                |              |
| At 31 December 2020                    | 6,505            | -               | 12,592       | 377                            | 19,474       |
| At 31 December 2021                    | 4,648            | 19,039          | 35,511       | 22,899                         | 82,097       |

Changes in carrying value of intangible assets for 2020 are presented below:

| <i>In thousands of Russian roubles</i> | <b>Web-sites</b> | <b>Licenses</b> | <b>Other</b> | <b>Unfinished developments</b> | <b>Total</b> |
|--|------------------|-----------------|--------------|--------------------------------|--------------|
| <b>Cost</b>                            |                  |                 |              |                                |              |
| At 1 January 2020                      | 16,911           | -               | 5,754        | 131                            | 22,796       |
| Additions                              | 580              | -               | 11,466       | 246                            | 12,292       |
| At 31 December 2020                    | 17,491           | -               | 17,220       | 377                            | 35,088       |
| <b>Accumulated amortisation</b>        |                  |                 |              |                                |              |
| At 1 January 2020                      | (7,714)          | -               | (3,668)      | -                              | (11,382)     |
| Amortisation charge                    | (3,272)          | -               | (960)        | -                              | (4,232)      |
| At 31 December 2020                    | (10,986)         | -               | (4,628)      | -                              | (15,614)     |
| <b>Net Book Value</b>                  |                  |                 |              |                                |              |
| At 1 January 2020                      | 9,197            | -               | 2,086        | 131                            | 11,414       |
| At 31 December 2020                    | 6,505            | -               | 12,592       | 377                            | 19,474       |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**9 Cash, Cash Equivalents, and Bank Deposits**

Cash and cash equivalents consist of cash on accounts within the Federal Treasury of the Russian Federation, bank account balances, and cash on hand. The following amounts from the Statement of Cash Flows and the Statement of Financial Position are included in cash and cash equivalents:

| <i>In thousands of Russian roubles</i>                               | <b>31 December 2021</b> | <b>31 December 2020</b> | <b>1 January 2020</b> |
|--|-------------------------|-------------------------|-----------------------|
| Term deposits with original maturity of less than three months       | 3,057,468               | 1,037,890               | 55,000                |
| Bank balances payable on demand                                      | 1,278,784               | 337,681                 | 928,187               |
| Account balances with the Federal Treasury of the Russian Federation | 82,277                  | 89,591                  | 397,431               |
| Cash on hand   | 65                      | 97                      | 127                   |
| <b>Total cash and cash equivalents</b>                               | <b>4,418,594</b>        | <b>1,465,259</b>        | <b>1,380,745</b>      |

For 2021, interest income on deposits placed in rubles was accrued at a rate of 2.35% to 9.36% per annum (for 2020: 2.35% - 6.85% per annum), and on deposits placed in US dollars, interest accrued at a rate of 0.55% to 1.05% per annum (for 2020: 0.20% - 1.25%). Euro deposits in 2021 accrued interest at 0.50% per annum (2020: 0.50% per annum).

As of 31 December 2021 there were no short-term deposits with a maturity of more than three months (31 December 2020: RR 2,256,713 thousand, 1 January 2020: RR 1,881,000 thousand). As 31 of December 2020 deposits were placed with PJSC Gazprombank and PJSC Rosselkhozbank at the rate of 0.50% to 4.67% per annum (1 January 2020: with PJSC VTB and PJSC Rosselkhozbank) at a rate of 5.90% to 6.85% per annum).

Cash and cash equivalents are denominated in the following currencies:

| <i>In thousands of Russian roubles</i> | <b>31 December 2021</b> | <b>31 December 2020</b> | <b>1 January 2020</b> |
|--|-------------------------|-------------------------|-----------------------|
| Russian Roubles                        | 2,253,904               | 954,439                 | 792,659               |
| US Dollars                             | 1,775,882               | 415,839                 | 314,450               |
| Euro                                   | 388,808                 | 94,981                  | 273,636               |
| <b>Total</b>                           | <b>4,418,594</b>        | <b>1,465,259</b>        | <b>1,380,745</b>      |

The credit quality of cash and cash equivalents balances may be summarised based on Moody's ratings as follows at 31 December 2021:

| <i>In thousands of Russian roubles</i>                               | <b>Rating Baa3</b> | <b>Rating Ba1</b> | <b>Rating Ba2</b> | <b>No Rating</b> | <b>Total</b> |
|--|--------------------|-------------------|-------------------|------------------|--------------|
| <b>31 December 2021</b>  |                    |                   |                   |                  |              |
| Bank balances on demand  | 630,059            | 648,685           | 40                | -                | 1,278,784    |
| Account balances with the Federal Treasury of the Russian Federation | -                  | -                 | -                 | 82,277           | 82,277       |
| Term deposits with original maturity of less than three months       | 630,000            | 2,427,468         | -                 | -                | 3,057,468    |

The credit quality of cash and cash equivalents balances may be summarised based on Moody's ratings as follows at 31 December 2020:

| <i>In thousands of Russian roubles</i>                               | <b>Rating Baa3</b> | <b>Rating Ba1</b> | <b>Rating Ba2</b> | <b>No Rating</b> | <b>Total</b> |
|--|--------------------|-------------------|-------------------|------------------|--------------|
| <b>31 December 2020</b>  |                    |                   |                   |                  |              |
| Bank balances on demand  | 275,091            | 62,590            | -                 | -                | 337,681      |
| Account balances with the Federal Treasury of the Russian Federation | -                  | -                 | -                 | 89,591           | 89,591       |
| Term deposits  | 65,000             | 972,890           | -                 | -                | 1,037,890    |

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**9 Cash and Cash Equivalents (continued)**

The credit quality of cash and cash equivalents balances may be summarised based on Moody's ratings as follows at 1 January 2020:

| <i>In thousands of Russian roubles</i>                               | Rating<br>Baa3 | Rating<br>Ba1 | Rating<br>Ba2 | No<br>Rating | Total          |
|--|----------------|---------------|---------------|--------------|----------------|
| <b>1 January 2020</b>  |                |               |               |              |                |
| Bank balances on demand  | 926,865        | 1,322         | -             | -            | <b>928,187</b> |
| Account balances with the Federal Treasury of the Russian Federation | -              | -             | -             | 397,431      | <b>397,431</b> |
| Term deposits  | 55,000         | -             | -             | -            | <b>55,000</b>  |

**10 Accounts receivable**

| <i>In thousands of Russian roubles</i>                      | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|------------------|------------------|----------------|
| Accounts receivable from primary activity                   | 445,221          | 592,222          | 608,575        |
| Provision for ECL for receivables from primary activity     | (269,956)        | (199,534)        | (241,376)      |
| Other financial receivables                                 | 319,212          | 340,723          | 149,664        |
| Provision for ECL on other receivables                      | (201,533)        | (256,243)        | (94,744)       |
| <b>Total financial assets within accounts receivable</b>    | <b>292,944</b>   | <b>477,168</b>   | <b>422,119</b> |
| Employee costs in advance                                   | 112              | 135              | 104            |
| Prepayments   | 71,174           | 81,785           | 122,269        |
| Provision for impairment of other non-financial receivables | -                | -                | (1,132)        |
| Other tax receivables                                       | 28,815           | 27,618           | 28,945         |
| <b>Total accounts receivable</b>                            | <b>393,045</b>   | <b>586,706</b>   | <b>572,305</b> |

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual period:

| <i>In thousands of Russian roubles</i>                           | 2021           | 2020           |
|--|----------------|----------------|
| <b>Allowance for credit losses on receivables at 1 January</b>   | <b>455,777</b> | <b>336,120</b> |
| Increase in provision charged to profit or loss                  | 122,889        | 206,461        |
| Provision used   | (107,177)      | (86,804)       |
| <b>Allowance for credit losses on receivables at 31 December</b> | <b>471,489</b> | <b>455,777</b> |

The University applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The credit loss allowance for accounts receivable is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

| <i>In % of gross value</i>                             | Loss rate | Gross carrying amount | Lifetime ECL |
|--|-----------|-----------------------|--------------|
| <b>Financial receivables at 1 January 2020</b>         |           |                       |              |
| - less than 30 days overdue                            | 0.70 %    | 339,982               | 2,380        |
| - 30 to 90 days overdue                                | 11.30 %   | 81,976                | 9,263        |
| - 91 to 360 days overdue                               | 89.30 %   | 110,311               | 98,507       |
| - over 360 days overdue                                | 100.00 %  | 225,970               | 225,970      |
| <b>Total trade receivables (gross carrying amount)</b> |           | <b>758,239</b>        |              |
| Credit loss allowance                                  |           | (336,120)             |              |
| <b>Total contract assets (carrying amount)</b>         |           | <b>422,119</b>        |              |
| <b>Financial receivables at 31 December 2020</b>       |           |                       |              |
| - less than 30 days overdue                            | 0.70 %    | 358,082               | 2,507        |
| - 30 to 90 days overdue                                | 11.30 %   | 121,714               | 13,754       |
| - 91 to 360 days overdue                               | 89.30 %   | 127,396               | 113,763      |
| - over 360 days overdue                                | 100.00 %  | 325,753               | 325,753      |
| <b>Total trade receivables (gross carrying amount)</b> |           | <b>932,945</b>        |              |
| Credit loss allowance                                  |           | (455,777)             |              |
| <b>Total contract assets (carrying amount)</b>         |           | <b>477,168</b>        |              |

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**10 Trade and Other Receivables (continued)**

| <i>In % of gross value</i>                             | <b>Loss rate</b> | <b>Gross carrying amount</b> | <b>Lifetime ECL</b> |
|--|------------------|------------------------------|---------------------|
| <b>Financial receivables at 31 December 2021</b>       |                  |                              |                     |
| - less than 30 days overdue                            | 0.70 %           | 274,867                      | 1,924               |
| - 30 to 90 days overdue                                | 11.30 %          | 17,130                       | 1,936               |
| - 91 to 360 days overdue                               | 89.30 %          | 44,939                       | 40,132              |
| - over 360 days overdue                                | 100.00 %         | 427,497                      | 427,497             |
| <b>Total trade receivables (gross carrying amount)</b> |                  | <b>764,433</b>               |                     |
| Credit loss allowance                                  |                  | (471,489)                    |                     |
| <b>Total contract assets (carrying amount)</b>         |                  | <b>292,944</b>               |                     |

**11 Other assets and liabilities**

Included in other assets and liabilities is cash received as a collateral for applications to participate in the bid (auction) from the participants of procurements, and also as a collateral for the performance of the contracts signed as a result of competitive procurements.

The cash is at the temporary disposal of the University and shall be refunded to the procurement participants to the extent of the collateral received for the applications upon the completion of competitive procedures, or to the extent of the collateral received for the contract performance upon the fulfilment of contractual obligations.

As at 31 December 2021, other assets comprise cash received by the University at its temporary disposal in the amount of RR 25,873 thousand (31 December 2020: RR 126,996 thousand, 1 January 2020: RR 65,688 thousand). Corresponding amounts were recognised within other liabilities.

Restricted cash is placed with the Russian Federal Treasury. The amount is neither past due nor impaired. The carrying amount of restricted cash approximates its fair value.

Other assets also comprise receivables in the form of cash deposited by the University as performance security and as security deposit for tenders.

These receivables are neither past due nor impaired, and as at 31 December 2021 amounted to RR 12,212 thousand (at 31 December 2020: RR 59,273 thousand, at 1 January 2020: RR 103,462 thousand).

**12 Settlements with the founder**

The table below shows a reconciliation of the movement of fixed assets and construction in progress, which are in operational management and form settlements with the founder:

| <i>In thousands of Russian roubles</i>             | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
| <b>Settlements with the founder at 1 January</b>   | <b>23,941,604</b> | <b>23,941,604</b> |
| Transfer of plant, property and equipment          | 124,983           | -                 |
| <b>Settlements with the founder at 31 December</b> | <b>24,066,587</b> | <b>23,941,604</b> |

Settlements with the founder include the following components of the book value: immovable property, especially valuable movable property, land plots in perpetual use and construction in progress. Particularly valuable movable property is movable property that is acquired at the expense of state funding sources and the value of which is more than RR 500 thousand.

During 2021, the administrative building was transferred to the operational management of the University from the founder. The fair value of the specified item of property, plant and equipment was estimated using a professional independent appraiser.

**13 Accounts payable**

| <i>In thousands of Russian roubles</i>         | <b>31 December 2021</b> | <b>31 December 2020</b> | <b>1 January 2020</b> |
|--|-------------------------|-------------------------|-----------------------|
| Accounts payable from primary activity         | 88,054                  | 28,718                  | 44,986                |
| Other financial accounts payable               | 86,214                  | 51,622                  | 71,055                |
| <b>Total financial payables</b>                | <b>174,268</b>          | <b>80,340</b>           | <b>116,041</b>        |
| Accrued employee benefit costs                 | 787,146                 | 753,264                 | 691,035               |
| <b>Trade and other payables at 31 December</b> | <b>961,414</b>          | <b>833,604</b>          | <b>807,076</b>        |

**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
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**13 Trade and Other Payables (continued)**

As of 31 December 2021, accrued employee benefit costs include liabilities accrued for deferred leave payable within 12 months after the reporting date in the amount of RR 613,324 thousand, including liabilities for insurance premiums for obligatory social insurance RR 153,331 thousand (as of 31 December 2020: RR 739,690 thousand, including liability for insurance premiums for obligatory social insurance RR 147,938 thousand; as of 1 January 2020: RR 688,021 thousand, including obligations for insurance premiums for compulsory social insurance of RR 135,388 thousand).

Refer to Note 27 for disclosure of the fair value of each class of financial liabilities.

**14 Contract liabilities on primary activities**

| <i>In thousands of Russian roubles</i>     | <b>31 December 2021</b> | <b>31 December 2020</b> | <b>1 January 2020</b> |
|--|-------------------------|-------------------------|-----------------------|
| Contract liabilities on primary activities | 1,595,355               | 1,232,771               | 1,317,720             |
| Other liabilities                          | 281,620                 | 555,760                 | 455,751               |
| <b>Total</b>                               | <b>1,876,975</b>        | <b>1,788,531</b>        | <b>1,773,471</b>      |

Other liabilities include advances received under lease agreements.

**15 Revenue from primary activity**

| <i>In thousands of Russian roubles</i>                                    | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
| Fee-based main educational programmes                                     | 6,352,542         | 5,289,520         |
| Educational services provided as part of the public engagement            | 3,463,864         | 3,245,158         |
| Fee-based additional educational programmes                               | 629,222           | 987,302           |
| R&D work as part of the public engagement                                 | 380,426           | 166,099           |
| Research and development services   | 219,006           | 594,018           |
| Students accommodation in the dormitory and additional dormitory services | 276,189           | 263,469           |
| Healthcare services   | 195,299           | 202,816           |
| <b>Total</b>  | <b>11,516,548</b> | <b>10,748,382</b> |

**16 Income from subsidies**

| <i>In thousands of Russian roubles</i>             | <b>2021</b>    | <b>2020</b>      |
|--|----------------|------------------|
| Subsidies and donations for scholarships           | 499,367        | 457,556          |
| Subsidies for acquisition of PPE and major repairs | 31,574         | 393,619          |
| Subsidies for the University development           | -              | 437,892          |
| Other subsidies                                    | 313,187        | 214,176          |
| <b>Total</b>                                       | <b>844,128</b> | <b>1,503,243</b> |

**17 Other income**

| <i>In thousands of Russian roubles</i> | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
| Rent of premises                       | 154,187        | 136,775        |
| Other income                           | 145,939        | 135,840        |
| <b>Total</b>                           | <b>300,126</b> | <b>272,615</b> |

**18 Employee costs and other personnel expenses**

| <i>In thousands of Russian roubles</i> | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
| Salaries                               | 6,321,979        | 5,954,532        |
| Social insurance contributions accrued | 1,582,373        | 1,515,488        |
| Unused vacation provision expenses     | 728,537          | 688,788          |
| Compensation under civil contracts     | 85,426           | 115,969          |
| Other payments                         | 9,063            | 10,330           |
| <b>Total</b>                           | <b>8,727,378</b> | <b>8,285,107</b> |



**PEOPLES' FRIENDSHIP UNIVERSITY OF RUSSIA**  
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**19 Outsourced Services**

| <i>In thousands of Russian roubles</i>                       | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
| Expenses related to repair of property, plant and equipment  | 302,876          | 300,280          |
| Property maintenance services                                | 245,356          | 104,602          |
| Utilities costs  | 188,107          | 170,110          |
| Acquisition of computer software rights to use and databases | 119,067          | 87,256           |
| Security, fire safety services                               | 79,002           | 73,039           |
| Transport services   | 40,633           | 24,400           |
| Advertising services   | 35,944           | 15,530           |
| Legal, audit and consulting services                         | 28,737           | 28,125           |
| Telecommunication services                                   | 19,736           | 20,909           |
| R&D expenses   | 1,335            | 11,432           |
| Other expenses   | 358,765          | 340,308          |
| <b>Total</b>   | <b>1,419,558</b> | <b>1,175,991</b> |

**20 Taxes and Levies**

| <i>In thousands of Russian roubles</i> | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
| Land tax                               | 60,396         | 70,324         |
| Property tax                           | 57,703         | 58,169         |
| Other taxes                            | 2,045          | 4,098          |
| <b>Total</b>                           | <b>120,144</b> | <b>132,591</b> |

**21 Income Taxes**

**(a) Components of income tax expense / (benefit)**

Income tax expense recorded in profit or loss comprises the following:

| <i>In thousands of Russian roubles</i> | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
| Current tax                            | (212,543)        | (186,920)        |
| Deferred tax                           | 7,043            | 20,252           |
| <b>Income tax expense for the year</b> | <b>(205,500)</b> | <b>(166,668)</b> |

**(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate.**

The income tax rate applicable to the University's income for 2021 and 2020 is 20%. A reconciliation between the expected and the actual taxation charge is provided below:

| <i>In thousands of Russian roubles</i>   | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
| <b>Profit/(loss) before tax</b>  | <b>40,987</b>  | <b>734,473</b> |
| Theoretical tax charge at statutory rate of 20%:   | 8,197          | 146,895        |
| Tax effect of items which are not deductible or assessable for taxation purposes and other effects | 197,303        | 19,773         |
| <b>Income tax expense for the year</b>   | <b>205,500</b> | <b>166,668</b> |

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**21 Income Taxes (continued)**

(c) Deferred taxes analysed by type of temporary difference.

Differences between IFRS and the tax legislation of the Russian Federation give rise to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their basis for income tax purposes.

The tax effect of the movements in the temporary differences for the year ended 31 December 2021:

| <i>In thousands of Russian roubles</i>                          | 31 December<br>2020 | Credited to<br>profit or loss | 31 December<br>2021 |
|---|---------------------|-------------------------------|---------------------|
| <b>Tax effect of deductible/(taxable) temporary differences</b> |                     |                               |                     |
| Property, plant and equipment                                   | (103,618)           | 4,141                         | (99,477)            |
| Accounts receivable from primary activities                     | 91,155              | 2,902                         | 94,057              |
| <b>Net deferred tax liability</b>                               | <b>(12,463)</b>     | <b>7,043</b>                  | <b>(5,420)</b>      |
| Recognised deferred tax liability                               | (12,463)            | 7,043                         | (5,420)             |
| <b>Net deferred tax liability</b>                               | <b>(12,463)</b>     | <b>7,043</b>                  | <b>(5,420)</b>      |

The tax effect of the movements in the temporary differences for the year ended 31 December 2020 are:

| <i>In thousands of Russian roubles</i>                          | 1 January<br>2020 | Credited to<br>profit or loss | 31 December<br>2020 |
|---|-------------------|-------------------------------|---------------------|
| <b>Tax effect of deductible/(taxable) temporary differences</b> |                   |                               |                     |
| Property, plant and equipment                                   | (107,828)         | 4,210                         | (103,618)           |
| Accounts receivable from primary activities                     | 75,113            | 16,042                        | 91,155              |
| <b>Net deferred tax liability</b>                               | <b>(32,715)</b>   | <b>20,252</b>                 | <b>(12,463)</b>     |
| Recognised deferred tax liability                               | (32,715)          | 20,252                        | (12,463)            |
| <b>Net deferred tax liability</b>                               | <b>(32,715)</b>   | <b>20,252</b>                 | <b>(12,463)</b>     |

**22 Finance Income**

| <i>In thousands of Russian roubles</i> | 2021           | 2020           |
|--|----------------|----------------|
| Interest income                        | 184,462        | 162,115        |
| Other financial income                 | 4              | 2,822          |
| <b>Total</b>                           | <b>184,466</b> | <b>164,937</b> |

**23 Foreign exchange differences, net**

| <i>In thousands of Russian roubles</i>                                   | 2021           | 2020          |
|--|----------------|---------------|
| Foreign exchange gains from the revaluation of receivables and payables  | 155,449        | 693,453       |
| Foreign exchange losses from the revaluation of receivables and payables | (127,673)      | (501,168)     |
| Foreign exchange gains on cash and deposits                              | 930,176        | 997,376       |
| Foreign exchange losses on cash and deposits                             | (965,214)      | (1,096,971)   |
| <b>Total</b>   | <b>(7,262)</b> | <b>92,690</b> |

**24 Financial Risk Management**

The risk management function within the University is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), 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 operational and legal risks.

## **24 Financial Risk Management (continued)**

**Credit risk.** The University exposes itself 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 meet an obligation.

Exposure to credit risk arises as a result of the University's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The University's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

**Expected credit loss (ECL) measurement.** ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the University: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The University applies simplified approach within IFRS 9, regarding estimation of ECL, when ECL is modelled over trade and other receivables and assets from contracts lifetime period.

For purposes of measuring PD, the University defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower meets the unlikeliness-to-pay criteria.

For purposes of disclosure, the University fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the University.

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Management of the University has developed credit policy and constantly controls credit risks with respect to receivables. Trade receivables are represented within a big amount of customers including insurance companies and other entities. The University executes permanent valuation of debtors' creditworthiness and created credit loss allowance if necessary. The University reduces credit risks by working with most clients on terms of prepayment.

University's management analyses terms of delayed payments of trade receivables and controls overdue balances of receivables.

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**24 Financial Risk Management (continued)**

**Market risk.** The University takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored 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.** In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored monthly.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective University entities, with all other variables held constant:

| <i>In thousands of Russian roubles</i>                    | 31 December 2021 |                | 31 December 2020 |                | 1 January 2020 |                |
|---|------------------|----------------|------------------|----------------|----------------|----------------|
|   | US dollars       | Euro           | US dollars       | Euro           | US dollars     | Euro           |
| Cash and cash equivalents                                 | 1,775,882        | 388,808        | 415,839          | 94,981         | 314,450        | 273,636        |
| Accounts receivable from primary activities               | 8,202            | 2,584          | 30,394           | 14,706         | 12,237         | 10,879         |
| Other financial accounts receivable                       | 2,604            | 302            | 3,711            | 323            | 291            | 3              |
| <b>Total financial assets/ Net balance sheet position</b> | <b>1,786,688</b> | <b>391,694</b> | <b>449,944</b>   | <b>110,010</b> | <b>326,978</b> | <b>284,518</b> |

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the University.

The table below provides an analysis of the sensitivity of profit or loss, as well as the amount of equity, to possible changes in exchange rates at the reporting date, in relation to the functional currency of the University, while all other variable characteristics remain unchanged.

The University's exposure to currency risk at the end of the reporting period is not representative of the typical exposure during the year. The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied to the average exposure to currency risk during the year, with all other variables held constant:

| <i>In thousands of Russian roubles</i> | 31 December 2021         |                  | 31 December 2020         |                  | 1 January 2020           |                  |
|--|--------------------------|------------------|--------------------------|------------------|--------------------------|------------------|
|  | Impact on profit or loss | Impact on equity | Impact on profit or loss | Impact on equity | Impact on profit or loss | Impact on equity |
| US Dollar strengthening by 10%         | 178,669                  | 178,669          | 44,994                   | 44,994           | 32,698                   | 32,698           |
| Euro strengthening by 10%              | 39,169                   | 39,169           | 11,001                   | 11,001           | 28,452                   | 28,452           |
| US Dollar weakening by 10%             | (178,669)                | (178,669)        | (44,994)                 | (44,994)         | (32,698)                 | (32,698)         |
| Euro weakening by 10%                  | (39,169)                 | (39,169)         | (11,001)                 | (11,001)         | (28,452)                 | (28,452)         |

The risk has been calculated only for monetary assets and liabilities denominated in currencies other than the functional currency of the University.

**Liquidity risk.** Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations. The University is exposed to the daily need to use available cash to settle financial instruments settled in cash. Liquidity risk is managed by the Management of the University. The Management of the University monthly monitors the forecasts of the cash flow of the University.

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

| <i>In thousands of Russian roubles</i>   | Note | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 12           | Total          |
|--|------|------------------------------|--------------------|---------------------|-------------------|----------------|
|  |      |                              |                    |                     | months to 5 years |                |
| <b>Liabilities</b>   |      |                              |                    |                     |                   |                |
| Accounts payable from primary activity   | 13   |                              |                    |                     |                   | <b>88,054</b>  |
| Other financial accounts payable   | 13   | 88,054                       | -                  | -                   | -                 | <b>88,054</b>  |
| Other liabilities  | 11   | 86,214                       | -                  | -                   | -                 | <b>86,214</b>  |
| <b>Total future payments, including future principal and interest payments</b> |      | <b>25,873</b>                | <b>-</b>           | <b>-</b>            | <b>-</b>          | <b>25,873</b>  |
|  |      | <b>200,141</b>               | <b>-</b>           | <b>-</b>            | <b>-</b>          | <b>200,141</b> |

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**24 Financial Risk Management (continued)**

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

| <i>In thousands of Russian roubles</i>   | Note | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 12 months to 5 years | Total          |
|--|------|------------------------------|--------------------|---------------------|---------------------------|----------------|
| <b>Liabilities</b>   |      |                              |                    |                     |                           |                |
| Accounts payable from primary activity   | 13   | 28,718                       | -                  | -                   | -                         | 28,718         |
| Other financial accounts payable   | 13   | 51,622                       | -                  | -                   | -                         | 51,622         |
| Other liabilities  | 11   | 126,996                      | -                  | -                   | -                         | 126,996        |
| <b>Total future payments, including future principal and interest payments</b> |      | <b>207,336</b>               | <b>-</b>           | <b>-</b>            | <b>-</b>                  | <b>207,336</b> |

The maturity analysis of financial liabilities at 1 January 2020 is as follows:

| <i>In thousands of Russian roubles</i>   | Note | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 12 months to 5 years | Total          |
|--|------|------------------------------|--------------------|---------------------|---------------------------|----------------|
| <b>Liabilities</b>   |      |                              |                    |                     |                           |                |
| Accounts payable from primary activity   | 13   | 44,233                       | 277                | 476                 | -                         | 44,986         |
| Other financial accounts payable   | 13   | 43,175                       | 26,818             | 1,062               | -                         | 71,055         |
| Other liabilities  | 11   | 65,688                       | -                  | -                   | -                         | 65,688         |
| <b>Total future payments, including future principal and interest payments</b> |      | <b>153,096</b>               | <b>27,095</b>      | <b>1,538</b>        | <b>-</b>                  | <b>181,729</b> |

**25 Contingencies and Commitments**

**Legal proceedings.** The University is the defendant against several claims. University management believes that these claims will not lead to any significant cash outflow.

**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 non-compliant 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.

As Russian tax legislation does not provide definitive guidance in certain areas, the University adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the University. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the University.

**Capital expenditure commitments.** At 31 December 2021 the University has contractual capital expenditure commitments in respect of property, plant and equipment totalling RR 185,982 thousand (31 December 2020: RR 217,565 thousand, 1 January 2020: RR 137,136 thousand).

## **26 Management of Capital**

The University's objectives when managing capital are to safeguard the University's ability to continue as a going concern in order to provide interests of founder and to maintain an optimal capital structure. To maintain and regulate the capital structure, the University carries out its activities in accordance with the approved plan of financial and economic activities. The amount of capital that the University managed as of 31 December 2021 was RR 29,583,562 thousand (31 December 2020: RR 29,623,092 thousand, 1 January 2020: RR 29,055,287 thousand ).

## **27 Fair Value Disclosures**

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

As at 31 December 2021, 31 December 2020 and 1 January 2020, the carrying amounts of financial instruments such as cash (Level 1) and cash equivalents (Level 2), trade receivables and other receivables debt, trade payables and other payables do not differ significantly from their fair value (Level 3 of the fair value hierarchy). The fair value of financial assets is measured at the net present value of estimated future cash flows. The University also takes into account liquidity, credit and market risk factors and adjusts the valuation model if necessary.

## **28 Events After the Reporting Period**

### ***Current geopolitical situation***

Since the end of 2021, there has been increased volatility in the financial and commodity markets. On 24 February 2022, oil prices exceeded \$100 per barrel, the ruble exchange rate reached 100 rubles for 1 euro and 90 rubles for 1 US dollar before depreciating from year-end exchange rates of 84 rubles and 74 rubles, respectively. As at the date of signing these financial statements, the exchange rate of the ruble against foreign currencies has appreciated. Russia's GDP is expected to decline by more than 10% in 2022 and inflation will rise significantly. As a consequence, this may have an impact on the purchasing power of potential customers and on the possibilities of the RF budget. In addition, there may be problems with the maintenance of foreign-made equipment. It is not possible to determine how long the increased volatility will last or at what level the above financial indicators will eventually stabilize. A number of sanctions have been announced restricting the access of Russian organizations to the financial markets in euros and US dollars, including the deprivation of access to the international SWIFT system, and in such a situation, this may further affect the University's ability to transfer or receive funds. The management of the University cannot predict with any degree of certainty the impact of all this uncertainty on the future activities of the University. However, the University does not have significant external liabilities and this does not affect the University's ability to continue to operate for the foreseeable future.

The management of the University is committed to diversifying supply chains. Basically, the problem concerns the supply of scientific equipment. It is possible both to change the list of acquired scientific equipment, and to search for new suppliers and, accordingly, supply chains.

Currently, the University Management is considering several options to solve the difficulties of obtaining payment from international students.

**29 First-time Adoption of IFRS**

The University's transition date is 1 January 2020. Previously, it applied International Public Sector Accounting Standards (IPSAS) for financial reporting. The management regards IPSAS as the previous applicable framework that was used for financial reporting under Competitiveness Enhancement Programme (Project 5-100). Subject to certain exceptions, IFRS 1 requires retrospective application of IFRS standards and interpretations effective as at 31 December 2021. These standards and interpretations were applied in preparing the opening statement of financial position at 1 January 2020 and in subsequent periods up to the first IFRS reporting date. In preparing these financial statements, the University has applied the mandatory exceptions and has elected to apply the following optional exemptions from retrospective application:

**Fair value as deemed cost exemption.** At 1 January 2020, the University decided to measure most of its property, including buildings and structures, land, leasehold improvements and highly valuable assets, at fair value and use this fair value as deemed cost as at that date. The fair value of the aforementioned property, plant and equipment items was measured by an independent professional appraiser. For the remaining property, plant and equipment not included in the measurement, the University used their values from the previous IPSAS financial statements as they were not significantly different from the fair values of these assets as at the IFRS transition date. The effect of this exemption was to increase the IPSAS carrying amount of property, plant and equipment by RR 2,253,736 thousand up to RR 27,952,517 thousand under IFRS at the University's IFRS transition date, i.e. 1 January 2020. As at 1 January 2020, property, plant and equipment included RR 822 thousand of advances made to acquire property, plant and equipment.

Exceptions from retrospective application, which are mandatory under IFRS 1 are:

- (a) **Estimates exception.** Estimates under IFRS at 1 January 2020 and 31 December 2020 should be consistent with estimates made for the same dates under the IPSAS, unless there is evidence that those estimates were an error
- (b) **Derecognition of financial assets and liabilities exception.** Financial assets and liabilities derecognised before the transition to IFRS are not re-recognised under IFRS. Management did not choose to apply the IFRS 9 derecognition criteria from an earlier date
- (c) **Hedge accounting exception.** The University does not apply hedge accounting.
- (d) **Non-controlling interests exception.** The University does not have any subsidiaries, accordingly it has no non-controlling interest.
- (e) **Classification and measurement of financial instruments.** The University assesses whether its financial assets meet the conditions for measurement at AC or at FVOCI on the basis of the facts and circumstances that exist at the date of transition to IFRSs. In cases when retrospective application of the effective interest method is impracticable for the University, the fair value of the financial assets or (and) the financial liabilities at the date of transition to IFRSs is the new gross carrying amount of those financial assets or the new amortised cost of those financial liabilities at the date of transition to IFRSs
- (f) **Impairment of financial assets.** The impairment requirements of IFRS 9 are applied retrospectively. In cases when determination of a significant increase in credit risk since the initial recognition of a financial instrument requires undue cost or effort, the management decided to recognise a lifetime expected credit losses allowance at each reporting date until the financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).
- (g) **Embedded derivatives.** The University does not have embedded derivatives.
- (h) **Government loans.** The University does not have government loans

The following reconciliations provide a quantification of the effect of the transition from IPSAS to IFRS at 1 January 2020, 31 December 2020 and for the year ended 31 December 2020:

| <i>In thousands of Russian roubles</i>  | <b>31 December 2020</b> | <b>1 January 2020</b> |
|---|-------------------------|-----------------------|
| <b>EQUITY UNDER IPSAS</b>   | <b>27,552,781</b>       | <b>27,042,044</b>     |
| <b>Effects of changes in accounting policies:</b>                                 |                         |                       |
| (i) Property, plant and equipment: fair value as deemed cost                      | 2,169,187               | 2,253,736             |
| (ii) Deferred tax liability referring to property plant and equipment revaluation | (103,618)               | (107,828)             |
| (iii) Accounts receivable: additional accrual of ECL provision                    | (63,070)                | (45,060)              |
| (iv) Deferred tax asset referring to ECL provision accrual                        | 12,614                  | 9,012                 |
| (v) Other   | 55,198                  | (96,617)              |
| <b>IFRS EQUITY</b>  | <b>29,623,092</b>       | <b>29,055,287</b>     |

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**29 First-time Adoption of IFRS (continued)**

| <i>In thousands of Russian roubles</i>   | <b>2020</b>    |
|--|----------------|
| <b>PROFIT UNDER IPSAS</b>  | <b>510,737</b> |
| (iii) Fair value as deemed cost: depreciation and effect of disposal of PPE at revalued cost | (84,549)       |
| (iii) Deferred tax liability change  | 4,210          |
| (iii) Additional accrual of ECL provision  | (18,010)       |
| (iv) Deferred tax asset change   | 3,602          |
| (v) Other  | 151,815        |
| <b>TOTAL COMPREHENSIVE INCOME UNDER IFRS</b>   | <b>567,805</b> |

The key adjustments for the differences between IPSAS and IFRS were attributable to the following:

**Property, plant and equipment: fair value as deemed cost.** The University decided to assess the fair value of property, plant and equipment comprising buildings, facilities, land plots and non-removable improvements and highly valuable property that amounted to RR 24,187,022 thousand as at 1 January 2020. This fair value represents the assets' deemed cost and is the basis for future depreciation.

**Deferred tax liability due to revaluation of property, plant and equipment.** At the date of first adoption of IFRS, the University recognised the tax liability arising from temporary differences between tax and IFRS accounting in the fair value measurement of property, plant and equipment.

Reconciliation of financial performance in 2020 under IPSAS and IFRS also shows the effect of disposals of property, plant and equipment and their depreciation, since fair value would be used as deemed cost at the transition date.

**Accounts receivable: additional provision for expected credit losses.** The University accrued additional provision for expected credit losses in accordance with the requirements of IFRS 9.

**Deferred tax asset in connection with the additional accrual of allowance for expected credit losses.** At the date of first-time IFRS adoption, the University recognised a deferred tax asset resulting from temporary differences between tax and IFRS accounting for additional expected credit loss provision.

The University's operating, investing and financing cash flows reported under IPSAS did not significantly differ from IFRS.