



# CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

In accordance with international public  
sector accounting standards

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June 2024

31 december 2023

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

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

**31 December 2023**

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## MESSAGE FROM THE RECTOR



**Dear Colleagues and Partners,**

I am pleased to present the annual financial statements of NUST MISIS for 2023.

NUST MISIS is a leading Russian university engaged in creating, implementing and applying new technologies and materials. Relying on long-standing traditions of research schools recognised both in Russia and worldwide, and on advanced educational technology, the University commits to make the greatest possible contribution to the national economy by its disruptive research work and enhanced education of specialists.

In 2023, NUST MISIS demonstrated a high level of financial stability. On 31 December 2023, the University's net assets amounted to RUB 26.5 billion. The University's total income for 2023 was RUB 9.6 billion which is RUB 340 million higher vs 2022. Its financial stability ratio at the end of 2023 was 0.94.

Based on the priority areas of: materials science; metallurgy; mining; quantum and additive technology; bioengineering; green energy; and computer science as part of the Priority-2030 programme, the University has developed and is implementing five strategic projects in disruptive areas of its research and educational activity: Quantum Internet; Biomedical Materials and Bioengineering; Materials of the Future; Technology of Sustainability; and Digital Business. Following its highly successful summary presentation in December 2023, the University was included in the first group of leaders of the Priority-2030 programme.

The University has established and now successfully operates its Advanced Engineering School "Materials Science, Additive and End-to-End Technologies" focused on five areas of research and education: digital materials science and materials of responsible machine-building of the future; digital technology in metallurgy and machine-building; biomedical engineering and biofabrication; additive technology; and high-precision casting technology. The model of the Advanced Engineering School is built upon the University's best practices using, among other things, its successful experience of creating a partnership network. The University's key partners are Rosatom, Metalloinvest, United Metallurgical Company, Central Aerohydrodynamic Institute and others. Working together, we develop educational programmes and put together a pertinent research agenda. The best educational and research practices of the project are replicated in the universities located in the cities of presence of NUST MISIS's strategic partners.

The University places special emphasis on integrating science and education, applying a practice-oriented approach and developing flexible skills. It constantly improves the quality of the learning process, transforms its educational programmes at all levels and creates new ones. In 2023, the University's income from educational services increased by RUB 408 million (+10.4%).

According to Presidential Executive Order No. 343 of 12 May 2023 "On Some Issues of Improving the System of Higher Education", the University participates in the pilot project. We consider our participation in the pilot project as the next step in the development of the University's educational model with the following key changes: the enhanced role of employers in developing, assessing and implementing curricula; extension of hands-on training within each programme; implementation of a personal approach ensuring the continuous growth of students' motivation to learn; ensuring the required level of students' fundamental learning and practical skills in an integrated educational environment; and graduating competitive specialists based on the integration of educational, research, innovative and extracurricular activities.

In 2023, NUST MISIS completed 464 R&D contracts for its business partners. Its aggregate income from R&D, technical consultations and intellectual property rights amounted to RUB 2.1 billion in 2023. In terms of the proportion of R&D and the amount of income from intellectual activities per academic staff member, the University is one of Russia's top 5 universities.

The HR policy is an absolute priority for NUST MISIS. In the growing knowledge economy, the quality of intellectual resources comes to the fore. Global automation and robotics and the spread of high technologies reinforce the role of the employee's creativity and professional development. In 2023, NUST MISIS launched a number of targeted programmes intended to support academic talents and unlock the potential of research schools. One of these programmes provides support to applicants for the PhD and their academic advisors with benefits exceeding RUB 1 million.

According to Presidential Executive Order No. 597 of 07.05.2012 "On Measures to Implement the State Social Policy", the average salaries of faculty members ought to amount to over 200% of average salaries across the region. In 2023, the average salary of faculty members at NUST MISIS equalled 238% – 293% of the average level in the Russian regions, including university branches. In 3 years, the University increased the proportion of faculty members with salaries amounting to 200% of average salaries across the region from 40% to 53%.

The University's priority is to develop new technologies and materials, educate scientists and engineers of the future who will be able to address research and technology challenges at the national and global scale. To that end, the University has everything it needs: the right development strategy, a highly qualified leadership team, talented and goal-oriented students, modern learning and research infrastructure, and support from the academic and business communities.

Dr. Alevtina Chernikova  
Rector,  
NUST MISIS

A handwritten signature in blue ink, consisting of a large, sweeping initial 'A' followed by a series of connected loops and a final horizontal stroke.

## FINANCIAL REVIEW

### 1. Key Financial Results

The University is creating a stable model of financing its activities. This year, it received a positive net cash flow from operating activities of RUB 296,458 thousand, while total cash at the end of the year was RUB 3,096,208 thousand.

According to the consolidated statement of financial performance, sales revenue amounted to RUB 9,574,446 thousand having increased by RUB 339,463 thousand due to higher revenue from educational activities, R&D and subsidies for the University's development.

The University's net assets in 2023 amounted to RUB 26,519,072 thousand. Accumulated surplus increased by 3% and amounted to RUB 3,838,888 thousand. Current assets had a value of RUB 3,965,127 thousand which mostly consisted of cash (78%) and financial investments from the Endowment Fund (12%).

The current liquidity ratio of 2.22 shows that the University has a high level of liquidity to serve its current liabilities (current assets exceed current liabilities by 122%). Equity to assets ratio was 0.94 (standard ratio is 0.5 and higher), showing that the University is independent from external sources of funding.

### 2. Programme for Strategic Academic Leadership and Training Engineers for High-Tech Industries

#### 2.1. Strategic Academic Leadership Programme

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

On 14 December 2023, the Commission of the Russian Ministry of Science and Higher Education at its meeting where Russian educational higher education institutions were selected for admission to the Priority-2030 Strategic Academic Leadership Programme chaired by V.N. Falkov, the Russian Minister of Science and Higher Education, announced results of universities' presentations at the Council. The University maintained its position in Group 1 of leaders of the Priority-2030 programme, in the Research Leadership subject-oriented section which included 7 universities: MFTI, MIFI, ITMO, MISIS, TGU, VShE, N.E. Bauman MG TU.

In 2023, the University received RUB 919.6 million for the core and special part of the grant for the Research Leadership track:

- a) core part of RUB 100 million – to increase the University's contribution to the social and economic development of Russian constituent territories and to carry out new creative, social and humanitarian projects;
- b) subject-oriented part of RUB 819.6 million – to develop universities providing breakthrough scientific research and creating research-intensive products and technologies, strengthening the R&D talent pool.

In 2023, the University focused on creating an end-to-end chain for development of innovative products as part of implementation of five strategic projects with the Priority-2030 programme:

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

digital technology programmes.

## 2.2. Programme for Training Engineers for High-Tech Industries

The Programme objectives are to provide high-performing export-oriented sectors of the national economy with highly skilled human capital in order to achieve technological independence. Create state-of-the-art high-tech products in the partnership with Russian high-tech companies.

The Advanced Engineering School "Materials Science, Additive and End-to-End Technologies" ("AES MAET", the "School") was established in 2022 in cooperation with our industry partners. In 2023, AES MAET, with involvement of representatives of high-tech companies, successfully presented the results of its work on implementation of AES MAET development programme for 2022 and obtained government financing for the project for 2023 in the amount of RUB 348.2 million.

In 2023, three new higher education programmes (Master's courses) were developed for admission of students in 2023/24 academic year:

- Advanced Materials and Methods of Investment Cast;
- New Materials. Powder and Additive Technology;
- Biomedical Engineering and Biofabrication.

AES MAET includes four specialised educational platforms, three of which were created in 2023: the Granular Technology Laboratory, the Setting-up Management Laboratory and the Biofabrication Laboratory. We have started to equip each of them with all the fittings required for training students and performing research and development projects in accordance with the areas of the School's activity.

## 3. Educational Services

In 2023, the University had 27,102 students (8.1% higher compared to 2022), including 16,548 in the higher education programmes (+5.1% to the 2022 level), 1,654 in the secondary vocational education programmes, and 8,900 in the continuing vocational education programmes (compared to 7,735 in 2022 or +15.1%).

As part of the pilot project in implementation of new levels of education, in 2023, the University admitted students in four areas of programmes for basic higher education and three areas of specialised higher education. Overall, 320 students were admitted to these programmes (including 230 students whose training is financed by the government and 90 students study under contracts of fee-based educational services).

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

From year to year, the University attracts better prepared and more committed matriculating applicants. In 2012, the average grade of the Unified State Examination was 67.3 points, while in 2023, for admission financed by the government it reached 87.12 points out of 100.

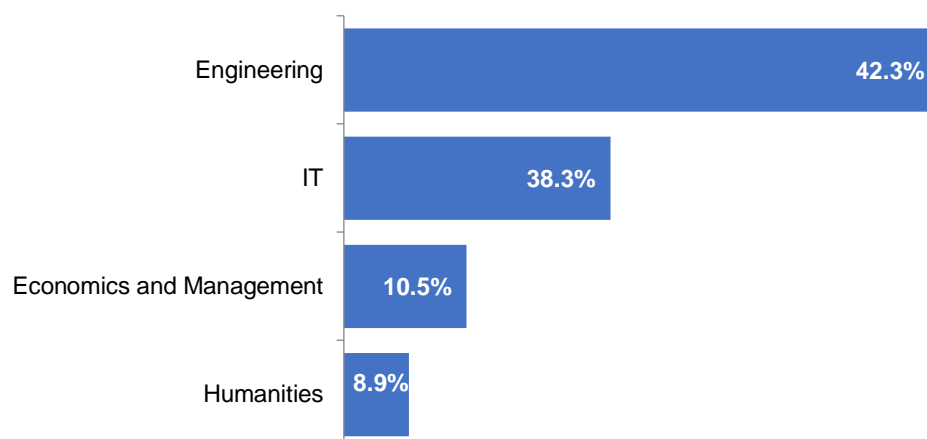
In 2023, the University continued applying its pricing policy which allows to use the system of discounts (from 25% to 50% for applicants with USE scores of 80 and higher), which helped to increase the number of talented applicants enrolled in the University under contracts of fee-based educational services. The average USE score of commercial students has risen from 69.6 in 2020 to 77.6 in 2023.

*Figure 1. Main entrance to NUST MISIS*



NUST MISIS actively promotes Russian higher education abroad. As a result, 1,764 of the University's students are international students from 82 countries. International students also study at the University's international branches in Tajikistan (Dushanbe) and Uzbekistan (Almalyk).

Figure 2. Student body by field of study, 2023, %.



To bring the tuition fee to the level of standard cost of public services in implementation of educational programmes set by the Russian Ministry of Science, in 2023, the tuition fee in the University for the first-year students increased on average from 5.5% to 19.9%.

Revenues in 2023 from educational programmes amounted to RUB 4,382,850 thousand, an increase of RUB 388,715 thousand vs 2022. (9.7%).

#### 4. Dormitories

The total floor space of the University's dormitories is 130,243.8 thousand sq.m. The residence hall areas offer exceptional infrastructure for studies and leisure activities: computer labs, reading halls, athletic fields and facilities, a swimming pool, sports complex and recreational areas.

There are 10 dormitories in Moscow. They can house 6,462 students, which fully covers the University's demand. Dormitories at the University's branches can house up to 948 individuals.

For Russian federal government-supported students, the monthly rent in the NUST MISIS dormitories in Moscow varies from RUB 1,880 to RUB 2,900, at the branches the dormitory rent varies from RUB 365 to RUB 959.61 per month. Low prices and comfortable conditions provide a distinct competitive advantage to our University.

Figure 3. The Dom Kommuna dormitory





## 5. Financial Support of Students

The comprehensive programme designed to support students is implemented through funds from the federal budget, the University's own funds and by the business community with the total budget of RUB 771,197.7 thousand. The University has 29 various scholarship programmes, the programmes for financial support of students facing difficult life circumstances totally amounting to RUB 397,027 thousand, or 6% more than in 2022. The University engages undergraduate and postgraduate students in R&D projects. The payroll of undergraduate and postgraduate students in Moscow amounted to RUB 322,816 thousand in 2023.

The opportunity to participate in cultural, sporting and recreational events is an important component in the creation of a well-rounded education at NUST MISIS. To support these endeavours, the University spent RUB 51,354.7 thousand in 2023, 22% up vs. 2022.

Figure 4.1. "The Student of the Year – 2023"



Figure 4.2. The World of MISIS Festival, 2023





Figure 4.3. The World of MISIS Festival, 2023



Figure 4.4. The Knowledge Day and "Immersion", 2023





Figure 4.5. The Moscow Freshman Cup, 2023



Figure 4.5 Intensive Course of New Level-2023 Leadership Programme





## 6. Research and Development

Cash generated by R&D activities and technical services amounted to RUB 2,002,593 thousand in 2023. In addition, RUB 819,572.2 thousand was allocated to applied scientific and research work under the Priority-2030 strategic academic leadership programme.

The University generates 21% of its income from R&D, thus ensuring its sustainable development as a multi-profile research centre.

In 2023, the University's researchers published 1,355 articles that were included in the Scopus database. 714 articles were published in the 1st and 2nd quartile journals under SNIP rated by Scopus (53% of total publications), of which 64 articles were published in top 10% journals.

In 2023, the College of New Materials and Nanotechnologies and the College of Environmentally Sound Technologies & Engineering were leading in terms of scientific research among the University's colleges.

## 7. Donations and Special Purpose Funding

Every year, the University receives support from individuals and legal entities in the form of donations and special purpose funding for research and academic projects. In 2023, the University received RUB 333,973.5 thousand including non-cash support of RUB 9,515.4 thousand.

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

- Support of research and academic activities of young scholars involved in promising research and development work (special employee benefits, funding for equipment purchases and other costs related to research projects, payment for secondments, further education, business trips and other expenses);
- Financial support and funding of activities of honoured teachers at NUST MISIS;
- Financial support to young teachers who develop and implement advanced teaching methods, innovative projects and new educational technologies;
- Assistance in commercialising the results of research carried out by honoured teachers, heads of research



schools, young researchers, post-graduate and undergraduate students of NUST MISIS;

- Funding for creating and maintaining a talent pipeline at the University;
- Support of NUST MISIS alumni activities;
- Grants and scholarships for undergraduate and post-graduate students of NUST MISIS;
- Development of media and communication tools for NUST MISIS alumni.

The Endowment Fund's governing bodies are: the Council and the Board of Trustees.

The Endowment Fund transfers the donations to management companies under trust management agreements. The NUST MISIS Endowment Fund has two endowments handled by management company AO "AAA Capital Management": Endowment 1 "MISIS" and Endowment 2 "MISIS in Top-100". All cash is invested in bonds (federal, municipal, corporate), shares and deposits with banks.

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

<b>Indicator</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Income/(loss) from trust management, RUB'000	14,388	72,637	9,267	(8,511)	64,903
Annual yield, %	2.74	11.9	2.0	(1.04)	14.05
Year-end market value of net assets, in RUB thousand	422,583	492,355	492,170	465,945	521,416

The provision for impairment of receivables of RUB 73,264 thousand is recorded in the consolidated financial statements for 2023 (2022: RUB 58,503 thousand). This amount includes assets of NUST MISIS Endowment Fund 1 and Endowment Fund 2 blocked due to sanctions imposed by foreign countries against certain financial institutions. The management company takes all measures available in the current situation to unblock these assets. The increase in impairment provision for accounts receivable in 2023 is caused by higher USD/RUB exchange rate, as the above assets are denominated in US dollars.

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

In 2023, the following University endeavours received financial support from the Endowment Fund in the amount of RUB 15,339.7 thousand:

- The A.V. Varichev scholarship (established by Metalloinvest Group);
- "Best MIS&S. Creating the Future" scholarship programme;
- Contests: "Student of the Year", "Teacher of the Year" and "Person of the Year".

*Figure 5. Awarding the winners of the "Undergraduate Student of the Year" contest, 2023*



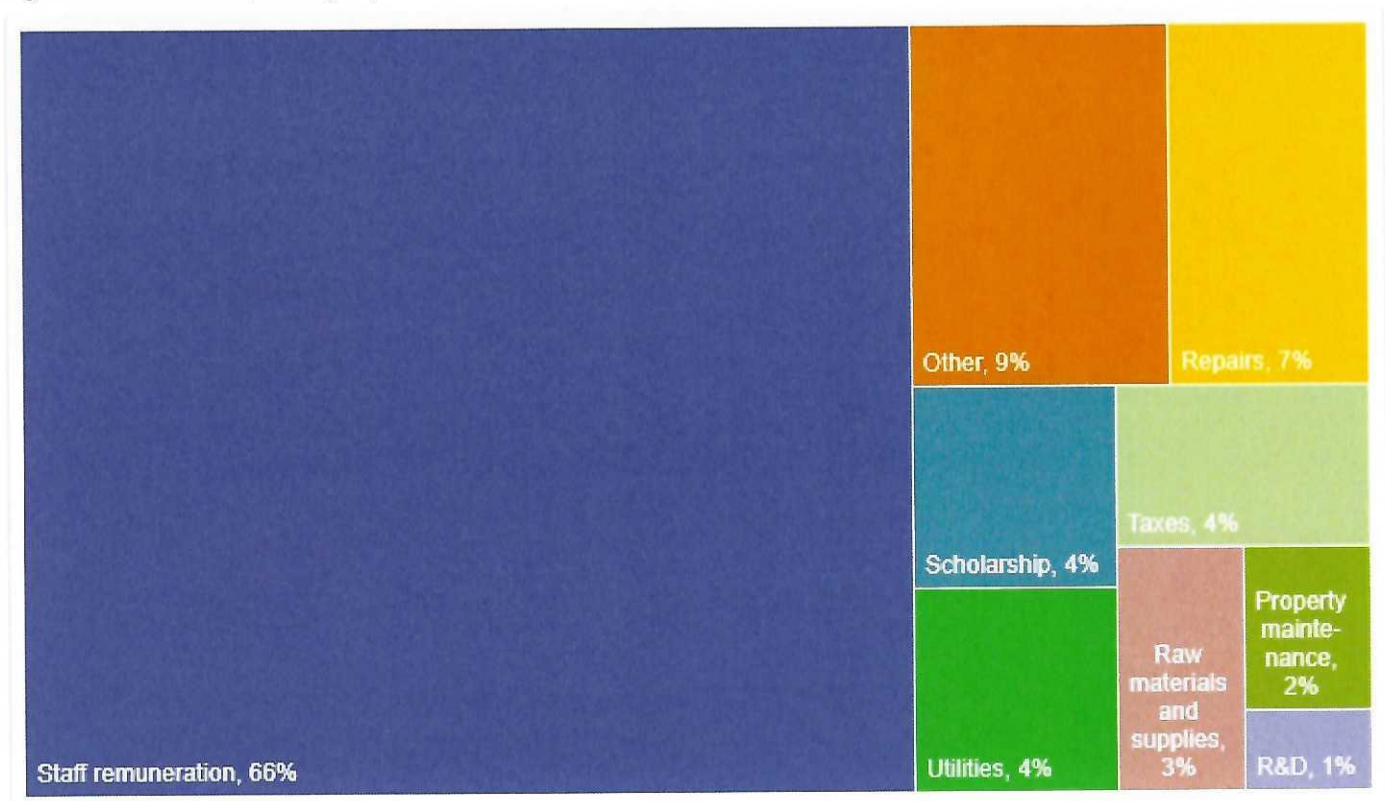
## 8. Operating Expenses

In 2023, the University's operating expenses, net of return of earlier received government subsidy, increased by 11% up to RUB 9,102,614 thousand. The major cost item is staff costs – 66%.

Staff costs increased by 14% or RUB 735,212 thousand. This increase, among other things, is driven by Presidential Executive Order No. 597 of 7 May 2012 "On Measures to Implement the State Social Policy" and the instructions of Deputy Chairperson of the Russian Government T.A. Golikova No. TG-P12-718 of 1 February 2019. Average monthly salaries across all staff have risen by 12.4%, reaching RUB 177.5 thousand in Moscow, including salaries of RUB 234.3 thousand for the faculty.

The University's average headcount is 2,476.5 employees, including 618.3 employees at the University's branches.

Figure 6. Structure of operating expenses, 2023.



9. Investment Expenses

In 2023, the University spent RUB 1,483,959 thousand to create scientific labs and comfortable learning conditions and improve the campus territory, including:

- Capital repairs and maintenance and capital investments in construction of RUB 591,550 thousand;
- Acquisition of training and scientific equipment of RUB 703,417 thousand;
- Acquisition of office equipment, network equipment and furniture of RUB 188,992 thousand.

Premises were refurbished and fitted with new state-of-art training and scientific equipment, including:

- for the Scientific and Educational Centre of Biomedical Engineering (managed by F.S. Senatov);
- for the Laboratory of Structural and Thermal Methods of Material Analysis (LSTMI) (managed by D.A. Ivanov);
- for the Laboratory of Quantum Information Technologies (LKIT) (managed by K.A. Fedorov);
- for the Laboratory of Smart Sensor Systems (LISS) (managed by A.V. Trukhanov);
- for the Computer Science Institute.

10. Management’s Responsibility for the Consolidated Financial Statements

University management is responsible for the preparation and fair presentation of the consolidated financial statements. The University’s consolidated financial statements were prepared in accordance with IPSAS. The consolidated financial statements were audited by an independent audit firm, “Technologies of Trust – Audit” JSC.

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

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

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

G.V. Timokhova

S.L. Kalinina

Chief Financial Officer

Chief Accountant



## Independent Auditor's Report

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology "MISIS" and its subsidiary (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of financial performance for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of comparison of budget and actual amounts for the year then ended;
- the notes to the consolidated 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 consolidated financial statements section of our report.

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

### Independence

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

### Other information

Management is responsible for the other information. Other information obtained at the date of the auditor's report includes the Annual Report (but does not include consolidated financial statements and our auditor's report on these statements).

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit of the Group to obtain sufficient appropriate audit evidence regarding the financial information of entities or units of the Group, as a basis for forming an opinion on the Group's financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

20 June 2024

Moscow, Russian Federation



Viacheslav Vladimirovich 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)

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

	Notes	31 December 2023	31 December 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,096,208	3,632,481
Investments in financial assets	9	465,048	408,052
Receivables and prepayments	8	342,173	485,860
Taxes and charges receivable		52,440	11,979
Other assets	10	9,258	59,328
<b>Total current assets</b>		<b>3,965,127</b>	<b>4,597,700</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	24,133,364	24,097,751
Intangible assets	12	119,283	145,121
Investments in associates		10,816	13,465
Deferred tax assets		30,556	21,028
Advances issued for construction and acquisition of property, plant and equipment		49,516	39,412
<b>Total non-current assets</b>		<b>24,343,535</b>	<b>24,316,777</b>
<b>TOTAL ASSETS</b>		<b>28,308,662</b>	<b>28,914,477</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	452,593	507,284
Advances received for exchange transactions	16	595,796	745,721
Advances received for non-exchange transactions	15	447,581	443,484
Provisions for future expenses and payments	17	171,427	175,839
Taxation	14	113,067	101,661
Income tax settlements with the budget		249	70,346
Other liabilities	10	8,877	58,534
<b>Total liabilities</b>		<b>1,789,590</b>	<b>2,102,869</b>
<b>Net assets</b>			
Settlements with founder	18	22,315,132	22,710,994
Accumulated surplus		3,838,888	3,733,543
Endowment Fund		365,052	367,071
<b>Total net assets</b>		<b>26,519,072</b>	<b>26,811,608</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>28,308,662</b>	<b>28,914,477</b>

Approved for issue and signed on 20 June 2024.

A.A. Chernikova  
Rector



G.V. Timokhova  
Chief Financial Officer

S.L. Kalinina  
Chief Accountant



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

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Educational services	19	4,318,233	3,910,086
Research and development services	20	1,602,836	1,700,606
Subsidies for the development of the University	21	1,449,819	1,008,002
Grants from research foundations	23	489,997	637,934
Subsidies for public interest events		485,997	416,378
Lease and compensation of utilities costs		404,529	416,816
Subsidies and donations for scholarships	22	371,400	353,202
Other services		323,496	521,680
Donations for statutory activity		115,073	256,362
Other revenue from transactions with assets		13,066	13,917
<b>Total inflows (income)</b>		<b>9,574,446</b>	<b>9,234,983</b>
<b>Expenses</b>			
Salaries, compensation under civil contracts and charges for said payments	24	(5,917,853)	(5,243,582)
Outsourced services	25	(1,894,544)	(1,784,778)
Depreciation and amortisation	11, 12	(893,584)	(757,753)
Scholarships and transfers	22	(397,360)	(395,683)
Cost of raw materials and consumables used		(305,867)	(361,330)
Expenses on returning the earlier received government grant	19	(224,579)	-
Taxes and duties	27	(119,491)	(97,888)
Other expenses from transactions with assets		(26,554)	-
Accrual of impairment provision for receivables	8	(48,856)	(59,824)
Accrual of provision for legal claims	17	(1,217)	(170,902)
Other expenses	26	(167,247)	(108,215)
<b>Total expenses</b>		<b>(9,997,152)</b>	<b>(8,979,955)</b>
Gain/(loss) on foreign exchange transactions		110,396	(69,446)
Participation in the results of associates and joint arrangements		(2,649)	(4,129)
<b>(Deficit)/Surplus for the period before taxes</b>		<b>(314,959)</b>	<b>181,453</b>
Income tax	28	9,102	(102,245)
<b>(Deficit)/Surplus for the period</b>		<b>(305,857)</b>	<b>79,208</b>

The accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

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

	Notes	Settlements with founder	Accumulated surplus/ (deficit)	Endowment Fund	Total net Assets
<b>Balance as at 31 December 2021</b>		<b>23,184,871</b>	<b>3,163,187</b>	<b>396,356</b>	<b>26,744,414</b>
Surplus for the period		-	79,208	-	<b>79,208</b>
Depreciation of property, plant and equipment under operational management	18	(516,104)	516,104	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	100,632	(100,632)	-	-
Disposal of property, plant and equipment	18	(58,405)	58,405	-	-
Contributions to Endowment Fund	9	-	-	2,015	<b>2,015</b>
Revaluation of shares and bonds	9	-	-	(14,029)	<b>(14,029)</b>
Use of Endowment Fund		-	17,271	(17,271)	-
<b>Balance as at 31 December 2022</b>		<b>22,710,994</b>	<b>3,733,543</b>	<b>367,071</b>	<b>26,811,608</b>
Deficit for the period		-	(305,857)	-	<b>(305,857)</b>
Depreciation of property, plant and equipment under operational management	18	(474,962)	474,962	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	81,683	(81,683)	-	-
Disposal of property, plant and equipment	18	(2,583)	2,583	-	-
Contributions to Endowment Fund	9	-	-	13,321	<b>13,321</b>
Use of Endowment Fund		-	15,340	(15,340)	-
<b>Balance as at 31 December 2023</b>		<b>22,315,132</b>	<b>3,838,888</b>	<b>365,052</b>	<b>26,519,072</b>

The accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

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

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Tuition fees		4,382,850	3,994,135
Payments for research and development services		1,538,454	1,754,276
Received subsidies for the development of the University		1,422,356	1,185,812
Received grants from research foundations		464,139	568,140
Rental revenue and compensation of utilities costs		475,144	472,720
Payment for public interest events		484,957	414,991
Subsidies and donations for scholarships		370,203	351,235
Donations for statutory activity		181,227	85,456
Payment for other services and other revenue		304,321	475,698
<i>including interest income</i>		8,506	187,886
<b>Total cash flows from operating activities</b>		<b>9,623,651</b>	<b>9,302,463</b>
Salaries, compensation under civil contracts and charges for said payments		(5,981,507)	(5,246,295)
Third party services paid		(2,049,536)	(1,862,441)
Scholarships and transfers paid		(397,027)	(374,174)
Raw materials and supplies paid		(293,333)	(320,322)
Taxes and levies paid		(259,422)	(256,305)
Return of earlier received government grant		(224,577)	-
Income tax paid		(108,595)	(103,297)
Other expenses paid		(553)	(2,734)
Payments of court-awarded expenses, writs of execution		(12,641)	(2,422)
<b>Total cash flows from operating activities</b>		<b>(9,327,191)</b>	<b>(8,167,990)</b>
<b>Net cash from operating activities</b>		<b>296,460</b>	<b>1,134,473</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(886,630)	(724,636)
Acquisition of investments held for sale	9	(530,647)	(709,003)
Cash placed in bank deposit accounts	9	(407,960)	-
Acquisition of intangible assets		(2,030)	(4,116)
Proceeds from the sale of available-for-sale investments	9	721,601	728,384
Recovery of cash from bank deposit accounts	9	222,248	-
Dividend income received		1,658	238
Payments/proceeds from recovery of deposits and repayment of loans originated		1,178	-
<b>Net cash used in investing activities</b>		<b>(880,582)</b>	<b>(709,133)</b>
<b>Cash flows from financing activities</b>			
Receipt of targeted contributions to Endowment Fund		13,321	2,409
<b>Net cash flows from financing activities</b>		<b>13,321</b>	<b>2,409</b>
Effect of exchange rate changes on cash and cash equivalents		34,528	(71,754)
<b>Cash and cash equivalents at the beginning of the year</b>	7	<b>3,632,481</b>	<b>3,276,486</b>
<b>Net change in cash</b>		<b>(536,273)</b>	<b>355,995</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>3,096,208</b>	<b>3,632,481</b>

The accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

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

	<b>Budget</b>		<b>Actual amounts</b>	<b>Performance difference</b>
	<b>Initial</b>	<b>Final</b>		
<b>REVENUE</b>				
Revenue from property	276,573	376,681	392,571	(15,890)
Revenue from fee-based services	3,223,428	2,856,008	2,947,785	(91,777)
Subsidies for fulfilment of public engagement	2,952,867	3,281,827	3,233,041	48,786
Gratuitous cash receipts	2,217,103	3,016,073	3,023,974	(7,901)
Revenue from interest, penalties and other enforced collections	-	-	4,632	(4,632)
Gains on transactions with assets	-	-	9,882	(9,882)
Other income	2,446	12,754	11,467	1,287
<b>Total income</b>	<b>8,672,417</b>	<b>9,543,343</b>	<b>9,623,352</b>	<b>(80,009)</b>
<b>EXPENSES</b>				
Salaries, compensation under civil contracts and charges for said payments	(5,252,088)	(5,894,609)	(5,853,344)	(41,265)
Purchases of services including:	(1,954,003)	(2,213,891)	(2,133,412)	(80,479)
Capital repair expenditures	(184,850)	(431,253)	(415,345)	(15,908)
Maintenance services	(558,784)	(393,003)	(370,895)	(22,108)
Utilities	(404,021)	(362,152)	(357,238)	(4,914)
Telecommunication services	(20,779)	(16,688)	(16,279)	(409)
Rent paid	(3,923)	(2,941)	(2,685)	(256)
Transportation services	(5,163)	(2,139)	(2,006)	(133)
Other work and services	(776,483)	(1,005,715)	(968,964)	(36,751)
Acquisition of non-financial assets including:	(717,349)	(1,226,283)	(1,186,639)	(39,644)
Property, plant and equipment	(462,985)	(913,268)	(891,019)	(22,249)
Intangible assets	(2,000)	(2,030)	(2,030)	-
Inventories	(252,364)	(310,985)	(293,590)	(17,395)
Social security	(395,166)	(370,859)	(366,345)	(4,514)
Return of earlier received government grant	-	(224,577)	(224,577)	-
Other expenses	(340,042)	(481,861)	(429,837)	(52,024)
<b>Total expenditure</b>	<b>(8,658,648)</b>	<b>(10,412,080)</b>	<b>(10,194,154)</b>	<b>(217,926)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-	34,529	(34,529)
<b>NET PAYMENTS</b>	<b>13,769</b>	<b>(868,737)</b>	<b>(536,273)</b>	<b>(332,464)</b>

The accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.



## 1. General Information

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

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

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

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

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

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

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

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

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

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

The University offers higher and secondary vocational education programmes, and additional general education and professional programmes, and engages in fundamental and applied scientific research. NUST MISIS trains experts in Metallurgy, Nanotechnologies and New Materials, Information Technologies, Automated Control Systems, Sustainable and Energy-Efficient Technologies, Economy and Management.

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

NUST MISIS (Moscow) is engaged in educational activities under basic and continuing education programmes of secondary vocational education and higher education, postgraduate professional education, continuing education and additional general education programmes in the following areas: Metallurgy, Physics, Electric Power and Electric Engineering, Mining, Nanotechnology and Microchips, Applied Mathematics, etc.

As at 31 December 2023 and 31 December 2022, NUST MISIS had four branches in the Russian Federation, a branch in Dushanbe (Tajikistan) and a branch in Almalyk (Uzbekistan).

## 1. General Information (Continued)

Stary Oskol Institute of Technology, a branch of NUST MISIS, offers higher educational services in the following areas: Metallurgy, Mining, Construction, Heat Engineering, Electrical Engineering, Applied Mathematics, etc.; secondary vocational education in the following areas: Ferrous Metallurgy, Machine-Building Technology, Mineral Processing, etc.

Novotroitsk Branch of NUST MISIS offers higher education services in Metallurgy, Machine-Building Technology, Energy Engineering, Chemical Biotechnologies, etc.

Vyksa Branch of NUST MISIS offers higher education services in Metallurgy, Materials Science and Engineering, as well as secondary vocational education in IT, Heat Supply and Operation of Industrial Equipment.

Gubkin Branch of NUST MISIS offers higher education services in Mining, Management and Technosphere Safety.

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

- Materials science and engineering;
- Metallurgy and mining;
- Nanotechnologies;
- Information technologies;
- Biomedicine.

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

NUST MISIS has investments in associates with interest between 20% and 50%. As at 31 December 2023, the University had 10 associates (31 December 2022: 20 associates). Investments in associates are made to commercialise the University's R&D work. The University obtains interest in associates by contributing the rights to use intellectual property for which the University has exclusive rights.

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

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

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

## 2. Operating Environment of the University

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

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

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

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

In 2023, there remains significant geopolitical tension which was developing since February 2022 with the situation with Ukraine. Sanctions and restrictions for multiple Russian entities, including removing access to the Euro and USD markets, the international SWIFT system, and many others, have been imposed and continue being introduced. A number of multinational groups suspended or terminated their business activity in the Russian Federation. In December 2022, the EU and several non-EU countries have introduced a price ceiling for supplies of Russian oil. The price cap has been set at USD 60 per barrel and will be subsequently reviewed regularly. In addition, in December 2022, the EU imposed embargo on maritime transport of Russian crude oil. In February 2023, a price ceiling for Russian gas supplies and embargo for Russian oil products were introduced. Despite recovery in trading volumes the financial and commodity markets continue to demonstrate instability. In 2023, the exchange rates to rouble increased significantly compared to the exchange rates valid as at 31 December 2022. On 24 July 2023, the Bank of Russia increased the key rate from 7.5% to 8.5%, on 15 August 2023 – from 8.5% to 12%, on 18 September 2023 – from 12% to 13%, on 30 October 2023 – from 13% to 15% and on 18 December 2023 – from 15% to 16%. There is an expectation of further sanctions and limitations on foreign business activity affecting companies operating in the Russian Federation, as well as further negative consequences for the Russian economy in general, but the full extent and scale of possible effects of these are unknown. It is not possible to determine how long this increased volatility will last or at what level the above financial indicators will eventually level out.

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 provide support to its students, employees and customers, such as:

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

### **Priority-2030 development programme**

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

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

The University received grants in the form of subsidies:

- a) core part – to increase the University's contribution to the social and economic development of Russian constituent territories and to carry out new creative, social and humanitarian projects (RUB 100 million for 2023);
- b) subject-oriented part – to develop universities providing breakthrough scientific research and creating research-intensive products and technologies, strengthening the R&D talent pool (RUB 819.6 million for 2023).

Under the Priority 2030 programme, NUST MISIS launched five strategic projects:

- 1) "Quantum Internet" is aimed at creating conditions for quantum technology to emerge from the laboratory to industry, and competitive products with export potential. This project will help Russia to achieve high levels of skills supply security due to training of quantum engineers, i.e. cross-disciplinary specialists able to integrate knowledge of quantum physics, electronics, and programming;
- 2) "Biomedical Materials and Bioengineering" encompasses research in tissue engineering, biophysics and targeted drug delivery, coupled with development of new technology and materials that enhance effectiveness of medical treatment;
- 3) "Materials of the Future" capitalises on the NUST MISIS leadership in the area of new materials that are critical for innovative economic development and for design of new technologies required by the Russian economy;
- 4) "Sustainable Technology" focuses on creating high-tech engineering solutions aimed at reducing man-caused impact on the environment, including carbon footprint, and training engineers for the new economy;

- 5) “Digital Business” is aimed at serving the real sector: the University has already set up research groups on artificial intelligence and the Big Data research centre, and quadrupled places for applicants enrolled to digital technology programmes.

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

Under the Priority-2030 programme, NUST MISIS implements the "Digital Department" project.

The project's goal is to enhance competitiveness of NUST MISIS's graduates in the modern labour market, provide them with the opportunity to develop their competences required for successful participation in the digital transformation of the national economy implemented by leading companies.

In 2023, RUB 50,559 thousand were allocated to the "Digital Department".

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

In 2023, the University improved its positions in global institutional and subject ratings.

In the subject and industry ratings of the best world universities, QS Subject Rankings, the University made significant progress, enhancing its positions in 2023 in eight from nine subject and industry ratings.

Specifically, in 2023, the University went up to rating 23 in the world and retained its 2nd Russian rating in Mining, retained its position in the top 100 ranking of global universities ("51-100" range) in Engineering in Oil Production. The University also entered the top 200 ranking of global universities ("151-200" range) in Machine-Building, and for the first time ever entered the top 400 ranking of global universities in Electronics and Electrical Engineering ("351-400" range). In Engineering Sciences overall (the industry rating), in 2023, the University entered the top 250 ranking of global universities (rated the 248th).

In Natural Sciences, in 2023, the University for the first time entered the top 100 ranking of global universities in Materials Science (the 91st in the world and the 1st in Russia), for the first time entered the top 250 ranking of global universities in physics ("201-250" range) and for the first time entered the top 350 ranking of global universities in chemistry ("301-350" range). In Natural Sciences overall (the industry rating), in 2023, the University retained its position in the top 300 ranking of global universities (the 293rd).

In 2022, in the QS Engineering Sciences subject rating, the University ranked the 28th globally (the 2nd in Russia) in Mining, entered the top 100 ranking of global universities in Engineering in Oil Production ("51-100" range), entered the top 250 ranking of global universities in Machine-Building ("201-250" range) and the top 450 ranking of global universities in Electronics and Electrical Engineering ("401-450" range). In the 2022 industry rating in Engineering Sciences, MISIS ranked the 269th globally.

In the Natural Sciences subject ratings, in 2022 the University entered the top 150 ranking of global universities in Materials Science (ranked the 1st in Russia), top 300 ranking in Physics ("251-300" range), top 450 ranking in Chemistry ("401-450" range). In the industry rating in Natural Sciences, in 2022, MISIS ranked the 295th globally.

In the QS World University Rankings, the University retained the 17th position among Russian universities (681-690 range globally). In the QS World University Rankings, the University ranked the 467th globally and the 17th among Russian universities in 2022.

In the 2023 Times Higher Education international rating, the University retained its positions in the institutional rating ("601-800" range) and significantly went up in the subject ratings in Physics (for the first time ever it entered the top 400 ranking of global universities, "301-400" range) and Engineering (for the first time in the last six years it entered the top 500 ranking of global universities, "401-500" range). In the 2022 Times Higher Education international rating, the University was rated within range "602-800", in the subject rating for Physical Sciences, within range "402-500", in the Engineering Sciences within range "501-600".

In the GRAS scientometric rating (a subject version of ARWU rating), the University entered the top 100 ranking of global universities in Metallurgy ("76-100" range, ranked the 1st-2nd in Russia) and in the top 500 ranking of global universities in Materials Science ("401-500" range, ranked the 2nd-4th in Russia). In the 2022 GRAS rating, the University entered the top 75 ranking of global universities in Metallurgy ("51-75" range), ranked the 1st in Russia, and entered the top 400 ranking of global universities in Materials Science and Nanotechnologies (in both cases, "301-400" range, in Materials Science, ranked the 1st-3rd in Russia and in Nanotechnologies, ranked the 2nd-4th in Russia).

In the 2023 RUS international rating, the University showed a growth in positions in the institutional (general) version, going 10 steps up and ranked the 264th globally (the 5th in Russia) and entered a number of subject RUR ratings: rated the 204th globally in Technical Sciences (the 6th in Russia), the 222nd globally (the 9th in Russia) in Natural Sciences, the 596th globally (the 22nd in Russia) in Social Sciences and the 631st globally (the 32nd in Russia) in Liberal Arts.

In the 2022 RUS general rating, MISIS ranked the 274th globally (the 8th in Russia) and in subject ratings, it ranked the 128th globally in Technical Sciences (the 5th in Russia), the 229th globally in Natural Sciences (the 9th in



Russia), the 570th globally in Social Sciences (the 30th in Russia), the 764th globally in Liberal Arts (the 63rd in Russia).

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

In the main international rating of Russian universities, the Three University Missions, in 2023 the University retained its positions in top 300 (ranked the 299th globally, the 14th in Russia). In 2022, the University ranked the 297th globally in the Three University Missions rating (the 13th in Russia).

In the 2023 Expert AC rating of inventor's activities of Russian universities, NUST MISIS ranked the 2nd in Russia (vs the 2nd-3rd in 2022), significantly increasing its total score compared to the last year (71.3 vs 65.9 in 2022).

In the Interfax National Rating of Russian Universities (NRU), the University entered the top 10 ranking of Russian universities (ranked the 9th). In 2022, the University ranked the 5th-6th in the Interfax NRU.

Moreover, in 2023, the University improved its representation in subject RAEX ratings: the University entered 9 ratings vs 8 in 2022. The University retained its 1st position (in 2022 and 2023) in Russia in the Materials Technology rating, went up from the 5th ranking in 2022 to the 4th in Machine-Building and Robotics, retained its 4th ranking (in 2022 and 2023) in Oil and Gas, retained its position in top 10 ranking of Russian universities in Physics (ranked the 10th in 2022 and 2023), went up from the 14th ranking in 2022 to the 12th in Information Technologies. The University also ranked the 16th in Russia in the Mathematics (the 14th in 2022) and the 19th in Russia in Management (the 16th in 2022). In 2023, the University entered the first-time issued subject RAEX rating in Electronics, Radiotechnics, Communication Systems (ranked the 13th in Russia) and for the first time entered the Linguistics and Foreign Languages rating (the 13th in Russia). In 2022, the University ranked the 4th in the Geology rating, in 2023, this rating was not published.

In the 2023 rating of Russian universities' publishing activities issued by Expert Analytical Centre, the University once again hit a record high representation in subject ratings, entering in 18 from 26 subject ratings (including layers, the "layers" meaning a narrower subject area within the subject rating). In particular, the University ranked the 1st in Chemistry (the 1st-2nd in 2022), the 2nd in Biomaterials (the Materials Science layer issued in 2023 for the first time), the 3rd in Metallurgy (the Materials Science layer, ranked the 1st in 2022), the 2nd-4th in Materials Science (the 1st in 2022), the 3rd-5th in Chemical Technologies (the 1st-3rd in 2022), the 5th-8th in Engineering Sciences (the 6th-7th in 2022), the 7th-8th in Physics (the 8th in 2022), the 6th-7th in Renewable Energy (the Energy layer, ranked the 7th-8th in 2022), the 6th-8th in Fuel (the Energy layer, ranked the 4th in 2022), the 8-10th in Energy (the 5th-7th in 2022), the 12th in Biochemistry (the Biosciences layer, ranked the 12th in 2022), the 13th in Computer Sciences (the 14th in 2022), the 13th-14th in Management (the 11th-13th in 2022), the 16th-17th in Mathematics (the 19th-20th in 2022), the 20th in Ecology (the 19th-22th in 2022), the 20th-21st in Geosciences (the 29th-30th in 2022), the 28th-30th in Pharmacology (the 20th-21st in 2022), the 31st in Artificial Intelligence (the Computer Sciences layer, ranked the 21st-23rd in 2022).

In 2023, the University entered the top 17 ranking of Russian universities in the first-time issued rating of Russian universities in quality of training AI specialists (the rating operator is AI Alliance).

The rating includes 180 universities split in 12 groups. The University was included in the "C+" group (along with KFU, RANHiGS, MAI and REU).

In 2023, the University for the first time entered CWTS Leiden Ranking 2023, a prestigious rating of global universities. This rating is produced by the Centre for Science and Technology Studies at Leiden University and is based on scientometric indicators. Overall, the rating covers over 1400 universities worldwide and only 14 Russian universities. The University ranked the 1362nd among global universities with the result of 845 publications, the 7th among Russian universities and the 558th among global universities specialising in Physical Sciences and Engineering.

In the 2022 U.S. News subject ratings, the University ranked the 139th globally in Materials Science, the 317th globally in Physics, the 261st globally in Physical Chemistry, the 246th globally in Nanotechnologies. In 2023, the rating was not published.

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

### **3.1. Basis of preparation**

These consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IPSAS. Where there were no specific requirements in IPSAS, we applied IFRS.

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

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

### 3. Summary of Significant Accounting Policies (Continued)

#### 3.2. Associates

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

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

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

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

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

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

#### 3.3. Consolidated financial statements

Subsidiaries are those investees that the University controls because the University (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount its returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the University has power over another entity. For a right to be substantive, the University must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The University may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case the University should assess the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the University from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the University (acquisition date) and are deconsolidated from the date on which control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the University and its subsidiaries are eliminated; The University and all its subsidiaries use uniform accounting policies consistent with the University's policies.

#### 3.4. Cash and cash equivalents

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

#### 3.5. Financial instruments

##### 3.5.1. 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 the one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

#### **3.5. Financial instruments (continued)**

##### **3.5.1. Key measurement terms (continued)**

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.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is the 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 consolidated 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 value. 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.

##### **3.5.2. Financial instruments – initial recognition**

Financial instruments at fair value through profit or loss (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 and investments in debt instruments measured at fair value through other comprehensive income, 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 University becomes a party to the contractual provisions of the instrument.

#### **3.6. Debt financial assets**

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.

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.



### 3. Summary of Significant Accounting Policies (Continued)

#### 3.6. Debt financial assets (continued)

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 the 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.

**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"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. 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.

There are three measurement categories used by the University to classify its debt instruments:

- **Amortised cost (AC):** Assets held to collect contractual cash flows when these cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is recorded as interest income calculated using the effective interest rate within operating profit. Any gains or losses arising from derecognition as well as foreign exchange gains or losses are recognised directly in profit or loss and presented within other gain/(loss). An impairment loss is recognised separately in the consolidated statement of financial performance.

The assets allocated by NUST MISIS to this category include cash, deposits, accounts receivable.

NUST MISIS's receivables include:

- Settlements with payers of income on property;
- Settlements with payers of income on fee-based services, including educational services and R&D;
- Settlements on subsidies to implement government engagements and other objectives;
- Settlements with payers of other income.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for measurement at AC are measured at fair value through profit or loss. Gains or losses on debt instruments that are subsequently measured at fair value through profit or loss are recognised in surplus (deficit) and presented on a net basis within other operating expenses in the period in which they arise.

This category includes investments available for sale (financial investments).

**Reclassification of financial assets.** 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 – allowance for expected credit losses.** NUST MISIS 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. NUST MISIS measures ECL and recognises ECL allowance 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 are presented in the consolidated 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 consolidated statement of financial position.

### 3. Summary of Significant Accounting Policies (Continued)

#### 3.6. Debt financial assets (continued)

The University applies simplified approach for impairment of trade and lease receivables. For other financial assets 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 30 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. Explanations regarding the University's determination of impaired assets and default are provided in Note 30.

For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 30 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.

**Derecognition of financial assets, except write-offs.** NUST MISIS derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) NUST MISIS 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 settlements with owners.

If the renegotiation was driven by a counterparty's financial difficulties and inability to make the originally agreed payments, the University compares the original and revised expected cash flows to assess 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.

#### 3.7. Financial liabilities

**Financial liabilities – measurement categories.** Financial liabilities are classified as subsequently measured at AC and include payables.

NUST MISIS's payables include:

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

**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).

### 3. Summary of Significant Accounting Policies (Continued)

#### 3.8. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 (bankruptcy).

#### 3.9. Inventories

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

#### 3.10. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

The residual value of an asset is the estimated amount that NUST MISIS 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.

### 3. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

#### 3.12. Intangible assets

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

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

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

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

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

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

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

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

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

#### 3.13. Construction in progress

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

### 3. Summary of Significant Accounting Policies (Continued)

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

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

The fair value less costs to sell is determined with reference to observable market deals (if any). If such deals cannot be identified, the fair value less costs to sell is determined based on the best available information. Impairment losses on continuing operations, including impairment of inventories are recognised in the consolidated statement of financial performance in the categories of expenses that reflect the nature of impaired assets. At each reporting date, the University determines whether there is any indication that previously recognised impairment losses have reduced or no longer exist.

If such indication exists, then NUST MISIS assesses the recoverable value of the asset or CGU. Previously recognised impairment losses are reversed only if there was a change in the estimates previously used to determine the recoverable value since the latest impairment loss recognition. The carrying amount of an asset increased by reversing impairment loss should not exceed the carrying amount that would be established (less amortisation), had the asset impairment loss not been recognised previously. The reversal of an asset impairment loss is recognised as a lumpsum in surplus or deficit.

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

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

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

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

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



### 3. Summary of Significant Accounting Policies (Continued)

#### 3.15. Provisions

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

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

**Contingent assets.** NUST MISIS does not recognise contingent assets, but discloses information on contingent assets in the notes to consolidated financial statements, when it is probable that the organisation 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 consolidated 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 consolidated financial statements in the period when the change took place.

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

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

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

Resources received from a non-exchange transaction and recognised as an asset should be recognised as revenues to the extent such resources exceed the financial liability which is recognised against such resources. Any asset acquired through a non-exchange transaction is initially recognised at fair value at the acquisition date. If NUST MISIS recognises an asset as a result of a non-exchange transaction, then it also recognises revenues equivalent to the asset measured under IPSAS 23 p. 42 "Revenue from Non-Exchange Transactions (Taxes and Transfers)", unless it also requires recognition of liability. The amount recognised as a liability should represent the best estimate of the amount necessary to meet the current obligation at the reporting date. The estimate should account for risks and uncertainties associated with the event resulting in liability recognition.

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

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

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

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

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

### 3. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

#### 3.17. Revenue from exchange transactions

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

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

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

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

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

### 3. Summary of Significant Accounting Policies (Continued)

#### 3.17. Revenue from exchange transactions (continued)

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

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

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

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

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

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

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

- Accommodation in dormitories;
- Other types of services.

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

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

#### 3.18. Employee benefits

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

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

#### 3.19. Related parties

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



### 3. Summary of Significant Accounting Policies (Continued)

#### 3.19. Related parties (continued)

Related parties include:

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

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

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

As at 31 December 2023 and 31 December 2022, the University's related parties disclosed in Note 31 included:

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

#### 3.20. Income tax

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

These requirements are met by NUST MISIS during the reporting period. Income tax for 2023 and 2022 was accrued on income from fee-based educational, research and other services.

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

Current tax is the amount expected to be paid to, or recovered from, the budget in respect of taxable income or expenses for the current and prior periods.

Taxable income or expenses are calculated based on tax returns filed for the corresponding period. Taxes other than on income are recorded within expenses.

Deferred income tax is 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 consolidated financial reporting purposes.

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

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

### 3. Summary of Significant Accounting Policies (Continued)

#### 3.21. Value-added tax

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

#### 3.22. Segment reporting

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

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

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

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

#### 3.23. Consolidated statement of comparison of budget and actual amounts arising from budget implementation

NUST MISIS Financial and Business Plan (the "Budget") is developed using the cash method based on principles other than IPSAS. The consolidated financial statements of NUST MISIS are prepared using the accrual method and classification based on the nature of expenses presented in the consolidated statement of financial performance. The approved budget covers the financial period between 1 January 2023 and 31 December 2023 and includes all the branches of NUST MISIS.

The Budget classification methods include classifications by the following categories:

1. By sources of funding:
  - (i) Subsidies for implementing the public engagement;
  - (ii) Earmarked subsidies (subsidies for other purposes);
  - (iii) Budget investments;
  - (iv) Proceeds from income-generating activities;
2. By income and expense items of the Classification of public sector transactions.

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

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

### 4. New Accounting Pronouncements

**IPSAS 41 "Financial Instruments"**. The Group adopted IPSAS 41 "Financial Instruments" from 1 January 2023. The Group chose to adopt the standard without restatement of comparatives, assessed loss from impairment of cash and cash equivalents and accounts receivable, and considered it immaterial, therefore, no adjustment of data as at 1 January 2023 was performed.

Several new standards and interpretations published in 2023 are mandatory for annual periods beginning on or after 1 January 2024, but have no significant effect on NUST MISIS:

- Amendment to IPSAS 48 "Transfer Expenses" (issued on 26 May 2023 and effective for annual periods beginning on 1 January 2026);
- Amendment to IPSAS 49 "Retirement Benefit Plans" (issued on 7 November 2023 and effective for annual

periods beginning on 1 January 2026).

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

In 2023, several new standards and interpretations were published which are mandatory for annual periods beginning on or after 1 January 2024 and which the University has not early adopted:

- Amendment to IPSAS 45 "Property, Plant and Equipment" (issued on 26 May 2023 and effective for annual periods beginning on 1 January 2025);
- Amendment to IPSAS 46 "Measurement" (issued on 26 May 2023 and effective for annual periods beginning on 1 January 2025);
- Amendment to IPSAS 47 "Revenue" (issued on 26 May 2023 and effective for annual periods beginning on 1 January 2026).

The University's management is currently assessing the impact of the first time adoption of the new standards and amendments to existing standards.

##### ***The IPSAS Board approved a new standard on property, plant and equipment***

In May 2023, IPSAS Board approved IPSAS 45 "Property, Plant and Equipment" based on IPSAS 17 "Property, Plant and Equipment" developed by IPSAS Board.

IPSAS 45 cancels scope exclusions for assets of cultural heritage. Any assets of cultural heritage qualifying as property, plant and equipment should be recognised within property, plant and equipment. The standard does not include any definition of assets of cultural heritage, however, it contains guidelines for identification of assets of cultural heritage and their differentiation from other types of assets.

Moreover, the standard does not include any definition of infrastructure assets, however, it contains guidelines for identification of infrastructure assets and their differentiation from other types of assets.

Additionally, according to the standard, the cost of assets acquired via non-exchange transactions should be their deemed cost at the date of acquisition.

IPSAS 45 supersedes IPSAS 17 and is effective for financial statements for periods beginning on or after 1 January 2025. Its earlier adoption is possible, in case of concurrent adoption of IPSAS 43 "Leases" and IPSAS 46 "Measurement".

##### ***The IPSAS Board approved a new standard on measurement***

In May 2023, the IPSAS Board approved IPSAS 46 "Measurement".

The standard is intended to provide guidelines for application of key methods of measuring specifying which method is applicable in specific circumstances. The standard provides detailed guidelines for transaction costs. It represents updated guidelines for initial recognition and subsequent measurement.

IPSAS 46 is effective for financial statements for periods beginning on or after 1 January 2025. Earlier adoption is possible.

##### ***The IPSAS Board approved a new standard on revenue***

In May 2023, the IPSAS Board approved IPSAS 47 "Revenue".

The standard represents the only guidelines for revenue recognition taking into account the Conceptual Framework and provisions of IFRS 15 "Revenue from Contracts with Customers". The standard provides a more transparent approach to recognition and measurement, as well as to disclosures.

IPSAS 47 supersedes IPSAS 9 "Revenue from Exchange Transactions", IPSAS 11 "Construction Contracts" and IPSAS 23 "Revenue from Non-Exchange Transactions (Taxes and Transfers)" and is effective for financial statements for periods beginning on or after 1 January 2026. Earlier adoption is possible.

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

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

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

statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:



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

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

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

If the useful lives of the University's assets increase by one year, depreciation charges will decline by RUB 63 million (2022: RUB 51 million). If the useful lives of the University's assets decrease by one year, depreciation charges will increase by RUB 83 million (2022: RUB 68 million).

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

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

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

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 property and land plots, it would be reasonable to record the property under operational management and the land plots under unlimited use as assets on the University's balance sheet.

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

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

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

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

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

**Expected credit loss (ECL) measurement.** Measurement of ECLs is a significant estimate that involves measurement methodology, models and data inputs. Refer to Note 30 for the ECL measurement approach.

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

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 collectability of the debt.

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

## 6. Segment Information

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

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

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

Deferred tax assets are recognised within other segments.

<i>Income by segment</i>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
2023	8,460,511	440,553	793,306	<b>9,694,370</b>
2022	8,083,703	471,224	680,056	<b>9,234,983</b>

<i>Expenses by segment</i>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
2023	8,741,973	488,264	769,990	<b>10,000,227</b>
2022	8,139,766	449,745	566,264	<b>9,155,775</b>

<i>Segment (deficit)/surplus</i>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
2023	(281,462)	(47,711)	23,316	<b>(305,857)</b>
2022	(56,063)	21,478	113,793	<b>79,208</b>

### *Capital expenditure including proceeds from the founder*

	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
2023	820,117	23,460	38,899	<b>882,476</b>
2022	754,117	24,921	132,946	<b>911,984</b>

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

### *Segment assets and liabilities*

<b>31 December 2023</b>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
Non-current assets	22,444,506	1,253,221	645,808	<b>24,343,535</b>
Current assets	3,309,198	57,806	598,123	<b>3,965,127</b>
<b>Total assets</b>	<b>25,753,704</b>	<b>1,311,027</b>	<b>1,243,931</b>	<b>28,308,662</b>
Current liabilities	311,870	721,064	756,656	<b>1,789,590</b>
<b>Total net assets</b>	<b>25,441,834</b>	<b>589,963</b>	<b>487,275</b>	<b>26,519,072</b>
<b>31 December 2022</b>	<b>Moscow</b>	<b>Stary Oskol</b>	<b>Other</b>	<b>Total</b>
Non-current assets	22,384,952	1,274,430	657,395	<b>24,316,777</b>
Current assets	3,981,822	67,553	548,325	<b>4,597,700</b>
<b>Total assets</b>	<b>26,366,774</b>	<b>1,341,983</b>	<b>1,205,720</b>	<b>28,914,477</b>
Current liabilities	1,224,096	460,338	418,435	<b>2,102,869</b>
<b>Total net assets</b>	<b>25,142,678</b>	<b>881,645</b>	<b>787,285</b>	<b>26,811,608</b>

## 7. Cash and Cash Equivalents

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

	31 December 2023	31 December 2022
Current accounts in the Russian Federal Treasury	2,914,796	325,883
Settlement accounts	180,966	3,306,150
Cash on hand	446	448
<b>Total cash and cash equivalents</b>	<b>3,096,208</b>	<b>3,632,481</b>

As at 31 December 2023 and 31 December 2022, there was no cash in deposit accounts.

Cash and cash equivalents are placed in the following currencies:

	31 December 2023	31 December 2022
Russian Rouble	2,952,567	3,066,175
Chinese Yuan	97,868	521,132
US Dollar	-	4,338
Other currencies	45,773	40,836
<b>Total cash and cash equivalents</b>	<b>3,096,208</b>	<b>3,632,481</b>

The table below discloses the credit quality of cash and cash equivalents analysed based on Russian rating agencies ACRA and Expert RA ratings as at 31 December 2023 and 31 December 2022. Fitch and Moody's ratings are provided only for financial organisations outside the Russian Federation:

	31 December 2023		31 December 2022	
	Bank balances payable on demand	Balances on accounts with the Treasury	Bank balances payable on demand	Balances on accounts with the Treasury
<i>ACRA ratings</i>				
AAA(RU)	-	-	2,346,606	-
<i>Expert RA rating</i>				
ruAAA	-	-	29,255	-
ruAA+	134,935	-	888,095	-
ruA	39	-	-	-
Fitch BB-	23,423	-	19,360	-
Moody's B3	22,350	-	22,834	-
Unrated	219	2,914,796	-	325,883
<b>Total</b>	<b>180,966</b>	<b>2,914,796</b>	<b>3,306,150</b>	<b>325,883</b>

As for cash on current accounts with the Treasury, the amount is presented in the "unrated" category as at 31 December 2023 and 31 December 2022.

## 8. Receivables and Prepayments

	31 December 2023	31 December 2022
Trade receivables, including	315,806	448,462
Receivables from exchange transactions	315,806	448,462
Other financial receivables	79,709	63,482
Expected credit loss allowance for receivables	(152,778)	(105,141)
<b>Total financial receivables</b>	<b>242,737</b>	<b>406,803</b>
Advances to suppliers and contractors	99,436	79,055
Other	-	2
<b>Total non-financial receivables</b>	<b>99,436</b>	<b>79,057</b>
<b>Total receivables and prepayments</b>	<b>342,173</b>	<b>485,860</b>

## 8. Receivables and Prepayments (Continued)

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

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

	31 December 2023		31 December 2022	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
<i>Not past due:</i>				
– Commercial entities and individuals	236,293	6,444	401,825	4,978
<b>Total not past due</b>	<b>236,293</b>	<b>6,444</b>	<b>401,825</b>	<b>4,978</b>
<i>Determined to be impaired</i>				
– over 360 days overdue	55,370	73,265	46,637	-
– impaired	24,143	-	-	58,504
<b>Total determined to be impaired</b>	<b>79,513</b>	<b>73,265</b>	<b>46,637</b>	<b>58,504</b>
Less impairment provision	(79,513)	(73,265)	(46,637)	(58,504)
<b>Total</b>	<b>236,293</b>	<b>6,444</b>	<b>401,825</b>	<b>4,978</b>

Movements in the ECL allowance for trade receivables are as follows:

	2023	2022
<b>Carrying amount as at 1 January</b>	<b>105,141</b>	<b>51,063</b>
Increase in provision charged to income or expenses	48,856	59,671
Utilisation of provision	(1,219)	(1)
Release of provision	-	(5,592)
<b>Carrying amount as at 31 December</b>	<b>152,778</b>	<b>105,141</b>

The University applies the IPSAS 41 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

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

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

	31 December 2023			
<i>In % of gross value</i>	Loss rate	Gross carrying amount	Lifetime expected credit losses	Net carrying amount
<b>Trade receivables</b>				
– less than 30 days overdue	4.36%	209,885	(8,948)	200,937
– 30 to 90 days overdue	5.65%	22,940	(1,296)	21,644
– 91 to 180 days overdue	10.61%	7,102	(754)	6,348
– 181 to 360 days overdue	11.32%	8,304	(940)	7,364
– over 360 days overdue	100%	67,575	(67,575)	-
<b>Total</b>		<b>315,806</b>	<b>(79,513)</b>	<b>236,293</b>

## 9. Investments in Financial Assets

The table below presents financial assets by types of securities:

	31 December 2023	31 December 2022
Corporate bonds	198,930	311,477
Russian government bonds	64,254	59,354
Municipal bonds	1,218	4,919
<b>Total bonds</b>	<b>264,402</b>	<b>375,750</b>
Short-term deposits	185,712	-
Shares	14,934	32,302
<b>Total financial assets</b>	<b>465,048</b>	<b>408,052</b>

## 9. Investments in Financial Assets (Continued)

The table below presents financial assets by issuers' credit ratings prepared based on ratings of Russian ratings agencies:

	31 December 2023					Total
	Russian government bonds	Municipal bonds	Corporate bonds	Short-term deposits	Shares	
<b>ACRA</b>						
AAA(RU)	-	-	27,893	-	13,382	41,275
AA+(RU)	-	-	6,701	-	-	6,701
AA(RU)	-	1,218	36,671	-	1,552	39,441
AA-(RU)	-	-	8,789	-	-	8,789
A+(RU)	-	-	17,615	-	-	17,615
<b>Expert RA</b>						
ruAAA	-	-	7,659	-	-	7,659
ruAA+	-	-	-	185,712	-	185,712
ruAA	-	-	31,221	-	-	31,221
ruAA-	-	-	18,103	-	-	18,103
ruA	-	-	2,970	-	-	2,970
ruA-	-	-	1,081	-	-	1,081
Unrated	64,254	-	40,227	-	-	104,481
<b>Total</b>	<b>64,254</b>	<b>1,218</b>	<b>198,930</b>	<b>185,712</b>	<b>14,934</b>	<b>465,048</b>

	31 December 2022				Total
	Russian government bonds	Municipal bonds	Corporate bonds	Shares	
<b>ACRA</b>					
AAA(RU)	-	-	30,372	18,193	48,565
AA+(RU)	-	2,108	38,665	5,198	45,971
AA(RU)	-	2,518	33,816	-	36,334
A+(RU)	-	-	14,177	1,706	15,883
A(RU)	-	-	5,107	-	5,107
A-(RU)	-	-	595	-	595
BBB+(RU)	-	293	-	-	293
<b>Expert RA</b>					
ruAAA	-	-	18,850	4,868	23,718
ruAA+	-	-	23,485	-	23,485
ruAA	-	-	11,127	-	11,127
ruAA+	-	-	23,485	-	23,485
ruA+	-	-	12,932	2,337	15,269
ruA	-	-	5,792	-	5,792
Unrated	59,354	-	93,074	-	152,428
<b>Total</b>	<b>59,354</b>	<b>4,919</b>	<b>311,477</b>	<b>32,302</b>	<b>408,052</b>

Movements in the carrying amount of bonds were as follows:

	2023	2022
<b>Carrying amount as at 1 January</b>	<b>375,750</b>	<b>478,609</b>
Loss from fair value revaluation	(64,423)	(17,713)
Accrued interest income	26,406	29,018
Received interest income	(26,406)	(28,089)
Purchases	357,670	281,654
Sale	(463,072)	(256,995)
Repayment	(15,559)	(100,398)
Foreign exchange differences on debt securities	74,036	(10,336)
<b>Carrying amount as at 31 December</b>	<b>264,402</b>	<b>375,750</b>

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

In the consolidated statement of cash flows, cash directed to acquire investments and cash received from the sale of investments available for sale are recorded taking into account repo transactions.



#### **10. Other Assets and Liabilities**

Included in other assets and liabilities is cash received as security for procurement tenders (auctions) from the participants, and also as security for the performance of contracts signed as a result of competitive procurement tenders. The cash is temporarily at the University's disposal and should be refunded to the tender participants as follows: security for procurement tenders (auctions) – upon completion of the tender process, and performance security for the contracts signed – upon the fulfilment of contractual obligations. As at 31 December 2023, the MISIS has RUB 8,176 thousand at its temporary disposal (31 December 2022: RUB 58,254 thousand).

## 11. Property, Plant and Equipment

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

	Land plots	Residential buildings	Non-residential buildings	Plant and equipment	Production and maintenance tools	Buildings	Transport vehicles	Construction in progress	Total
<b>For the year ended 31 December 2023</b>									
<b>Initial value</b>									
At the beginning of the period	12,366,216	5,175,656	6,040,079	6,507,395	341,765	34,534	37,845	598,592	31,102,082
Additions	-	-	-	801,146	69,521	1,281	9,943	585	882,476
Disposals (-)	-	-	-	(31,201)	(9,706)	-	(2,363)	(10)	(43,280)
Transfers from construction in progress to property, plant and equipment	-	-	-	80,350	-	-	-	(80,350)	-
Other movements*	-	-	(13,124)	14,868	(14,503)	13,125	-	402	768
<b>At the end of the period</b>	<b>12,366,216</b>	<b>5,175,656</b>	<b>6,026,955</b>	<b>7,372,558</b>	<b>387,077</b>	<b>48,940</b>	<b>45,425</b>	<b>519,219</b>	<b>31,942,046</b>
<b>Depreciation</b>									
At the beginning of the period	-	(901,334)	(1,240,073)	(4,561,242)	(260,556)	(8,863)	(32,263)	-	(7,004,331)
Accruals	-	(102,223)	(139,817)	(525,828)	(68,562)	(4,545)	(3,202)	-	(844,177)
Disposal of depreciation (+)	-	-	-	28,495	9,334	-	2,363	-	40,192
Other movements*	-	-	1,159	(13,334)	12,968	(1,159)	-	-	(366)
<b>At the end of the period</b>	<b>-</b>	<b>(1,003,557)</b>	<b>(1,378,731)</b>	<b>(5,071,909)</b>	<b>(306,816)</b>	<b>(14,567)</b>	<b>(33,102)</b>	<b>-</b>	<b>(7,808,682)</b>
<b>Carrying value</b>									
At the beginning of the period	12,366,216	4,274,322	4,800,006	1,946,153	81,209	25,671	5,582	598,592	24,097,751
At the end of the period	12,366,216	4,172,099	4,648,224	2,300,649	80,261	34,373	12,323	519,219	24,133,364

# 11. Property, Plant and Equipment (Continued)

	Land plots	Residential buildings	Non-residential buildings	Plant and equipment	Production and maintenance tools	Buildings	Transport vehicles	Construction in progress	Total
<b>For the year ended 31 December 2022</b>									
<b>Initial value</b>									
<b>At the beginning of the period</b>	<b>12,366,216</b>	<b>5,167,133</b>	<b>6,039,950</b>	<b>5,954,028</b>	<b>292,254</b>	<b>15,345</b>	<b>41,497</b>	<b>505,472</b>	<b>30,381,895</b>
Additions	-	263	2,598	691,229	89,967	24,840	412	102,675	911,984
Disposals (-)	-	-	(355)	(153,744)	(27,670)	(5,651)	(4,064)	(313)	(191,797)
Transfers from construction in progress to property, plant and equipment	-	-	6,146	2,633	463	-	-	(9,242)	-
Other movements*	-	8,260	(8,260)	13,249	(13,249)	-	-	-	-
<b>At the end of the period</b>	<b>12,366,216</b>	<b>5,175,656</b>	<b>6,040,079</b>	<b>6,507,395</b>	<b>341,765</b>	<b>34,534</b>	<b>37,845</b>	<b>598,592</b>	<b>31,102,082</b>
<b>Depreciation</b>									
<b>At the beginning of the period</b>	<b>-</b>	<b>(790,861)</b>	<b>(1,109,780)</b>	<b>(4,184,584)</b>	<b>(222,591)</b>	<b>(6,037)</b>	<b>(33,759)</b>	<b>-</b>	<b>(6,347,612)</b>
Accruals	-	(102,213)	(138,908)	(453,698)	(74,732)	(5,258)	(2,568)	-	(777,377)
Disposal of depreciation (+)	-	-	355	87,199	26,608	2,432	4,064	-	120,658
Other movements*	-	(8,260)	8,260	(10,159)	10,159	-	-	-	-
<b>At the end of the period</b>	<b>-</b>	<b>(901,334)</b>	<b>(1,240,073)</b>	<b>(4,561,242)</b>	<b>(260,556)</b>	<b>(8,863)</b>	<b>(32,263)</b>	<b>-</b>	<b>(7,004,331)</b>
<b>Carrying value</b>									
<b>At the beginning of the period</b>	<b>12,366,216</b>	<b>4,376,272</b>	<b>4,930,170</b>	<b>1,769,444</b>	<b>69,663</b>	<b>9,308</b>	<b>7,738</b>	<b>505,472</b>	<b>24,034,283</b>
<b>At the end of the period</b>	<b>12,366,216</b>	<b>4,274,322</b>	<b>4,800,006</b>	<b>1,946,153</b>	<b>81,209</b>	<b>25,671</b>	<b>5,582</b>	<b>598,592</b>	<b>24,097,751</b>

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

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

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

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

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

As at 31 December 2023, this facility was not recognised within construction in progress (31 December 2022: RUB 347,218 thousand).

In 2023, there were no significant additions in construction in process.

**Free use of property.** As at 31 December 2023, the University received some property, plant and equipment with the total area of 33,829 square meters for free use (31 December 2022: 33,129 square meters), including 24,908 square meters non-residential buildings (31 December 2022: 24,208 square meters), 4,795 square meters land plots (31 December 2022: 4,795 square meters) and 4,126 square meters residential buildings (31 December 2022: 4,126 square meters). The property, plant and equipment received for free use are used to provide higher, secondary and additional education programmes.

As at 31 December 2023, NUST MISIS provided to Main State Centre for Education Evaluation and Pirogov Clinical Hospital No. 1 non-residential premises of 663 square meters and 108 square meters respectively, for free use (31 December 2022: 663 square meters and 108 square meters).

## 12. Intangible Assets

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

	Website	Patents	Software products	Know-how	Computer software licences	Right to use education platforms	R&D in progress	Total
<b>For the year ended 31 December 2023</b>								
<b>Initial value</b>								
<b>At the beginning of the period</b>	<b>17,725</b>	<b>28,200</b>	<b>12,754</b>	<b>48,538</b>	<b>89,964</b>	<b>65,000</b>	<b>1,549</b>	<b>263,730</b>
Additions	1,692	427	16,259	-	16,428	3,000	17,326	55,132
Disposals	-	(1,473)	(588)	(696)	(6,350)	-	(18,177)	(27,284)
Other movements	-	(635)	-	4	(11,100)	-	-	(11,731)
<b>At the end of the period</b>	<b>19,417</b>	<b>26,519</b>	<b>28,425</b>	<b>47,846</b>	<b>88,942</b>	<b>68,000</b>	<b>698</b>	<b>279,847</b>
<b>Amortisation</b>								
<b>At the beginning of the period</b>	<b>(4,788)</b>	<b>(5,762)</b>	<b>(6,712)</b>	<b>(30,615)</b>	<b>(11,446)</b>	<b>(59,286)</b>	<b>-</b>	<b>(118,609)</b>
Accruals	(2,359)	(785)	(1,517)	(6,098)	(29,520)	(8,714)	-	(48,993)
Disposal of amortisation	-	417	150	645	5,827	-	-	7,039
Other movements	-	(1)	-	-	-	-	-	(1)
<b>At the end of the period</b>	<b>(7,147)</b>	<b>(6,131)</b>	<b>(8,079)</b>	<b>(36,068)</b>	<b>(35,139)</b>	<b>(68,000)</b>	<b>-</b>	<b>(160,564)</b>
<b>Carrying value</b>								
<b>At the beginning of the period</b>	<b>12,937</b>	<b>22,438</b>	<b>6,042</b>	<b>17,923</b>	<b>78,518</b>	<b>5,714</b>	<b>1,549</b>	<b>145,121</b>
<b>At the end of the period</b>	<b>12,270</b>	<b>20,388</b>	<b>20,346</b>	<b>11,778</b>	<b>53,803</b>	<b>-</b>	<b>698</b>	<b>119,283</b>



## 12. Intangible Assets (Continued)

	Website	Patents	Software products	Know-how	Computer software licences	Right to use education platforms	R&D in progress	Total
<b>For the year ended 31 December 2022</b>								
<b>Initial value</b>								
<b>At the beginning of the period</b>	<b>10,073</b>	<b>38,287</b>	<b>10,439</b>	<b>43,754</b>	<b>188,510</b>	<b>62,000</b>	<b>11,842</b>	<b>364,905</b>
Additions	3,455	28	588	150	31,969	3,000	402	39,592
Disposals	-	(377)	(588)	(3,561)	(130,515)	-	(10,695)	(145,736)
Other movements	4,197	(9,738)	2,315	8,195	-	-	-	4,969
<b>At the end of the period</b>	<b>17,725</b>	<b>28,200</b>	<b>12,754</b>	<b>48,538</b>	<b>89,964</b>	<b>65,000</b>	<b>1,549</b>	<b>263,730</b>
<b>Amortisation</b>								
<b>At the beginning of the period</b>	<b>(2,528)</b>	<b>(7,946)</b>	<b>(5,746)</b>	<b>(18,805)</b>	<b>(131,298)</b>	<b>(35,607)</b>	<b>-</b>	<b>(201,930)</b>
Accruals	(1,779)	(1,328)	(578)	(6,554)	(20,217)	(23,679)	-	(54,135)
Disposal of amortisation	-	377	-	2,029	130,515	-	-	132,921
Other movements	(481)	3,135	(388)	(7,285)	9,554	-	-	4,535
<b>At the end of the period</b>	<b>(4,788)</b>	<b>(5,762)</b>	<b>(6,712)</b>	<b>(30,615)</b>	<b>(11,446)</b>	<b>(59,286)</b>	<b>-</b>	<b>(118,609)</b>
<b>Carrying value</b>								
<b>At the beginning of the period</b>	<b>7,545</b>	<b>30,341</b>	<b>4,693</b>	<b>24,949</b>	<b>57,212</b>	<b>26,393</b>	<b>11,842</b>	<b>162,975</b>
<b>At the end of the period</b>	<b>12,937</b>	<b>22,438</b>	<b>6,042</b>	<b>17,923</b>	<b>78,518</b>	<b>5,714</b>	<b>1,549</b>	<b>145,121</b>

## 12. Intangible Assets (Continued)

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

Intangible asset groups are represented by:

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

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

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

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

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

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

**R&D in progress.** As at 31 December 2023, R&D in progress mostly represents the capitalised cost of development and international registration of patents, know-how and software in the amount of RUB 698 thousand (31 December 2022: RUB 1,549 thousand).

## 13. Trade and Other Payables

	31 December 2023	31 December 2022
Trade payables	137,258	183,651
Other payables	5,656	276
<b>Total financial payables</b>	<b>142,914</b>	<b>183,927</b>
Salaries payable	309,679	323,357
<b>Total non-financial payables</b>	<b>309,679</b>	<b>323,357</b>
<b>Total payables</b>	<b>452,593</b>	<b>507,284</b>

Payables are denominated in Russian Roubles.

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

Salaries payable include provisions for future vacations in the amount of RUB 308,335 thousand and RUB 315,536 thousand as at 31 December 2023 and 31 December 2022, respectively.

## 14. Taxation

	31 December 2023	31 December 2022
Value-added tax	35,424	25,315
Property tax and land tax	37	5,128
Other tax settlements	77,606	71,218
<b>Total taxation</b>	<b>113,067</b>	<b>101,661</b>

Other taxes payable include the unified social tax in connection with the recognition of liabilities for bonuses and future vacations payable within twelve months after the reporting date of RUB 77,606 thousand and RUB 68,724 thousand as at 31 December 2023 and 31 December 2022, respectively.

## 15. Advances Received for Non-Exchange Transactions

	31 December 2023	31 December 2022
<b>Advances received for non-exchange transactions</b>		
Subsidies for the Development of the University	176,847	80,033
Donations for statutory activity	99,872	52,650
Advance from research centre	93,712	71,476
Grants for scientific research from RSF and RFBR	74,577	155,664
Subsidies received to pay scholarships	2,347	-
Other subsidies for other purposes	226	-
Grant to support the National Technological Initiative Centre for Quantum Communications	-	83,661
<b>Total advances received from non-exchange transactions</b>	<b>447,581</b>	<b>443,484</b>

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

## 16. Advances Received for Exchange Transactions

	31 December 2023	31 December 2022
<b>Advances received for exchange transactions</b>		
Advances received on income from fee-based work and services	585,615	736,051
Advances received on gains generated by property	10,130	5,507
Advances received on other income	51	4,163
<b>Total advances received for exchange transactions</b>	<b>595,796</b>	<b>745,721</b>

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

## 17. Provisions for Liabilities and Charges

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

	2023	2022
<b>Carrying amount as at 1 January</b>	<b>175,839</b>	<b>4,937</b>
(Decrease)/ increase in provisions	(4,412)	170,902
<b>Carrying amount as at 31 December</b>	<b>171,427</b>	<b>175,839</b>

In 2022, provisions for liabilities and charges increased by the amount of potential loss for the University associated with the litigation in the Moscow Arbitrazh Court on the case to collect cash compensation for the value of property transferred to PJSC Moscow United Energy Company in the amount of RUB 170,289 thousand.

## 18. Balances and Transactions with the Founder

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

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

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

	For the year ended 31 December 2023	For the year ended 31 December 2022
<b>Initial value</b>		
<b>At the beginning of the period</b>	<b>27,980,723</b>	<b>27,981,260</b>
Additions to property, plant and equipment	81,683	100,632
Disposals	(16,496)	(101,169)

At the end of the period	28,045,910	27,980,723
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## 18. Balances and Transactions with the Founder (Continued)

	For year ended 31 December 2023	For year ended 31 December 2022
<b>Depreciation</b>		
At the beginning of the period	(5,269,729)	(4,796,389)
Accruals	(474,962)	(516,104)
Disposal of depreciation	13,913	42,764
<b>At the end of the period</b>	<b>(5,730,778)</b>	<b>(5,269,729)</b>
<b>Carrying value</b>		
At the beginning of the period	22,710,994	23,184,871
At the end of the period	22,315,132	22,710,994

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

	For year ended 31 December 2023	For year ended 31 December 2022
Highly valuable moveable property including:		
Plant and equipment	80,402	72,931
Production and maintenance tools	78,492	72,931
Constructions	1,910	-
Buildings	1,281	-
	-	27,701
<b>Total additions to property, plant and equipment</b>	<b>81,683</b>	<b>100,632</b>

## 19. Revenue from Educational Services

	2023	2022
Educational services provided as part of the public engagement	2,859,010	2,636,086
Fee-based educational services	1,459,223	1,274,000
<b>Total revenue from educational services</b>	<b>4,318,233</b>	<b>3,910,086</b>

In 2023, the earlier received government subsidy in the amount of RUB 224,579 thousand was returned. This return was recorded as costs of the current period.

## 20. Revenue from Research and Development Work

	2023	2022
Research and development work under commercial contracts	910,336	1,148,487
Scientific and technical services	235,364	135,755
R&D work under public engagement	216,487	209,045
R&D work under Federal Special Purpose Programmes	103,629	99,840
Support to young and leading researchers	85,572	55,389
Grants for development of scientific and technology projects	48,548	49,190
Grants to leading schools of sciences	2,900	2,900
<b>Total revenue from research and development work</b>	<b>1,602,836</b>	<b>1,700,606</b>

## 21. Subsidies for the Development of the University

	2023	2022
Subsidies under the Strategic Academic Leadership Programme	875,900	866,168
Subsidies under the programme on developing advanced engineering schools	355,115	44,125
Subsidies for development of the University's property	218,804	97,709
<b>Total subsidies for development of the University</b>	<b>1,449,819</b>	<b>1,008,002</b>



## 22. Subsidies and Donations for Scholarships

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

	2023	2022
Student scholarships	350,336	329,951
Individual scholarships	21,064	23,251
<b>Total subsidies and donations for scholarships</b>	<b>371,400</b>	<b>353,202</b>

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

	2023	2022
Student scholarships	(367,670)	(356,141)
Social support allowances	(29,690)	(39,542)
<b>Total scholarships and transfers</b>	<b>(397,360)</b>	<b>(395,683)</b>

## 23. Grants from Research Foundations

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

	2023	2022
Grants from RSF	405,952	401,503
Grants to support the National Technological Initiative Centre for Quantum Communications	83,661	223,729
Grants for scientific research from RFBR	384	12,702
<b>Total grants from research foundations</b>	<b>489,997</b>	<b>637,934</b>

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

	2023	2022
Salaries	(4,621,479)	(4,127,070)
Unified social contribution	(1,232,890)	(1,057,033)
Compensation under civil contracts	(63,484)	(59,479)
<b>Total salaries, compensation under civil contracts and charges for said payments</b>	<b>(5,917,853)</b>	<b>(5,243,582)</b>

## 25. Outsourced Services

	2023	2022
Repair work	(569,184)	(286,717)
Utilities	(339,702)	(322,606)
Conducting events, workshops, conferences	(298,642)	(289,032)
Information and consulting services	(145,771)	(110,838)
Maintenance of premises	(131,000)	(139,598)
Research and development services	(129,130)	(178,312)
Security, cash collection services	(109,211)	(104,615)
Software maintenance, fine-tuning and acquisition	(40,695)	(71,615)
Technical maintenance of equipment and utility systems	(33,374)	(120,544)
Professional development	(25,365)	(6,089)
Telecommunications	(16,098)	(16,053)
Bank services	(12,487)	(16,601)
Lease of premises	(1,675)	(2,498)
Insurance	(1,129)	(728)
Development of design documentation	(96)	(3,909)
Other services	(40,985)	(115,023)
<b>Total outsourced services</b>	<b>(1,894,544)</b>	<b>(1,784,778)</b>

Increased expenses on repair work by RUB 282,467 thousand (from RUB 286,717 thousand in 2022 to RUB 569,184 thousand in 2023) are caused by expenses on reconstruction of dormitories in Vyksa Branch of NUST MISIS, Moscow City Meschansky College (Mining Institute of NUST MISIS) and other non-residential premises of NUST MISIS located at Leninsky Prospect in Moscow.

Other services in 2023 and 2022 include legal protection of intellectual property, representing the University in patent authorities, organising and conducting events, etc.

## 26. Other Expenses

	2023	2022
Business trip expenses	(50,055)	(23,822)
Organising social functions	(40,893)	(29,318)
Advertising expenses	(36,230)	(27,066)
Membership fees	(16,931)	(5,443)
Transport and accommodation allowances to students	(5,900)	(3,385)
Other expenses	(17,238)	(19,181)
<b>Total other expenses</b>	<b>(167,247)</b>	<b>(108,215)</b>

## 27. Taxes and Duties

	2023	2022
Land tax	(72,025)	(77,499)
Property tax	(44,952)	(15,259)
State duties and charges	(2,167)	(4,943)
Transport tax	(347)	(187)
<b>Total taxes and duties</b>	<b>(119,491)</b>	<b>(97,888)</b>

## 28. Income Tax

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

	2023	2022
Current income tax	(426)	(113,060)
Deferred tax	9,528	10,815
<b>Total income tax</b>	<b>9,102</b>	<b>(102,245)</b>

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

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

Below is the reconciliation between the actual amounts on a comparative basis, as presented in the consolidated statement of comparison of budget and actual amounts, and actual amounts in the consolidated statement of cash flows for 2023. The consolidated financial statements have been prepared for 2023 and include all branches of NUST MISIS and the Endowment Fund. The budget is also prepared for 2023 and includes all of the University's branches, but does not include cash flows from investing activities of the Endowment Fund.

	Operating activities	Investing activities	Financing activities	Effect of changes in exchange rates	Total
Actual amounts on a comparative basis, as presented in the budget and in the consolidated statement of comparison of budget and actual amounts	322,247	(893,049)	-	34,529	(536,273)
Differences in the basis of accounting	(25,789)	12,469	13,321	(1)	-
Actual amount in the consolidated statement of cash flows	296,460	(880,582)	13,321	34,528	(536,273)

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

## 30. Financial Risk Management

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

### 30. Financial Risk Management (Continued)

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

	Notes	31 December 2023	31 December 2022
<b>Cash and cash equivalents</b>			
Treasury	7	2,914,796	325,883
Cash in bank settlement accounts	7	180,966	3,306,150
Cash on hand	7	446	448
<b>Receivables</b>			
Trade receivables	8	236,293	401,825
Other financial receivables	8	6,444	4,978
Financial support for bids and contracts	10	8,176	58,254
<b>Investments in shares and bonds of the Endowment Fund</b>			
Debt securities	9	264,402	375,750
Short-term deposits	9	185,712	-
Shares	9	14,934	32,302
<b>Total financial assets</b>		<b>3,812,169</b>	<b>4,505,590</b>
<b>Payables</b>			
Trade payables	13	137,258	183,651
Other payables	13	5,656	276
Other liabilities	10	8,176	58,254
<b>Total financial liabilities</b>		<b>151,090</b>	<b>242,181</b>

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

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

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

In respect of financial assets of the Endowment Fund, in order to mitigate risk levels, the University engages a professional organisation to manage these financial assets.

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

**Expected credit loss (ECL) measurement.** Expected credit loss (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 consolidated 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, therefore ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

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 and contract assets.

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

- the counterparty defaulted on the contractual payments for more than 90 days;
- the counterparty meets the unlikelihood-to-pay criteria.

### 30. Financial Risk Management (Continued)

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 consolidated financial statements depends on whether the credit risk of the counterparty 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 University 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 year 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 financial asset 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 developed a credit policy and consistently monitors its credit risks in respect of receivables. Trade receivables are represented by high number of counterparties, most of them being students and other trainees. The University makes continuous assessment of its debtors' creditworthiness and, if required, creates allowance for expected credit losses. The University mitigates its credit risk by entering into agreements on provision of educational services with students on prepayment basis, and through a systematic analysis of receivables deciding whether the students with outstanding tuition fee should be expelled.

The University's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

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

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

**Currency risk.** NUST MISIS's assets and liabilities are barely exposed to currency risk. 31 December 2023, over 90% of the University's financial assets and 100% of its financial liabilities are denominated in Russian roubles (31 December 2022: over 80% of financial assets and 100% of financial liabilities). In respect of currency risk, NUST MISIS sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

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

The maturity analysis of financial liabilities is as follows:

	Notes	Demand and less than 1 month	From 1 to 3 months	Total
<b>31 December 2023</b>				
<b>Liabilities</b>				
Trade payables	13	137,258	-	137,258
Other financial payables	13	5,656	-	5,656
<b>Total future payments, including future principal and interest payments</b>		<b>142,914</b>	<b>-</b>	<b>142,914</b>

### 30. Financial Risk Management (Continued)

	Notes	Demand and less than 1 month	From 1 to 3 months	Total
<b>31 December 2022</b>				
<b>Liabilities</b>				
Trade payables	13	183,651	-	<b>183,651</b>
Other financial payables	13	276	-	<b>276</b>
<b>Total future payments, including future principal and interest payments</b>		<b>183,927</b>	<b>-</b>	<b>183,927</b>

### 31. Balances and Transactions with Related Parties

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

Balances and transactions with related parties were as follows:

Related party transactions	Sale of goods and services		Purchases of goods and services	
	2023	2022	2023	2022
Associate	5,530	3,070	5,600	-
<b>Total</b>	<b>5,530</b>	<b>3,070</b>	<b>5,600</b>	<b>-</b>

Payables to and receivables from related parties	Receivables		Payables	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Associate	124	1,611	58	-
<b>Total</b>	<b>124</b>	<b>1,611</b>	<b>58</b>	<b>-</b>

### Compensation to key management personnel

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

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

	2023	2022
<i>Short-term benefits:</i>		
- Salaries	203,323	153,271
- Incentive benefits, bonuses and increments	188,435	205,385
- Unified social contribution	84,046	75,163
- Other payments	27,470	33,268
<b>Total</b>	<b>503,274</b>	<b>467,087</b>

### 32. Contingencies and Commitments

**Legal proceedings.** From time to time and in the normal course of business, claims against the University may be received. The University is currently at the litigation stage in the Moscow Arbitrazh Court on the case to collect cash compensation for the value of property transferred to PJSC Moscow United Energy Company in the amount of RUB 170,289 thousand. The risk of potential unfavourable outcome for the University is assessed as higher than possible, hence a provision was made for this litigation in these consolidated financial statements as at 31 December 2023.

The University has no other significant litigations as at 31 December 2023 other than that disclosed in Note 17.

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

### 32. Contingencies and Commitments (Continued)

**Capital expenditure commitments.** As at 31 December 2023, the University had contractual commitments to purchase property, plant and equipment in the amount of RUB 148,639 thousand (31 December 2022: RUB 517,445 thousand).

### 33. Events After the End of the Reporting Period

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

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