

Financial Statements and Independent Auditor's Report

International Public Sector Accounting Standards

31 December 2020

**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 2020

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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 2020.

The National University of Science and Technology "MISIS" is a rapidly developing world-class research and educational centre that has two key objectives: forming its own research and educational agenda and responding to the needs of the business community.

The COVID-19 pandemic became the main challenge in 2020. Despite the global economic downturn due to the outbreak of the coronavirus infection and restrictions introduced to fight the pandemic, the University demonstrated a high level of financial sustainability in 2020. The revenues of NUST MISIS increased by RUB 380.2 million (4.9%), including revenue from educational services by 6.2% and from research and development services by 15.7%.

The University's net assets increased by RUB 301.5 million and reached RUB 26,502.5 million.

The strategic objective of NUST MISIS is to become a global centre for engineering education and science focusing on the person, whether a student, scientist or employee.

People are the core asset of the University, and its key operating principle is Student First. We have created a comfortable environment for high-quality education, immersion in research activities and personal and professional growth. The creative eco-system enables each student to unlock their maximum potential.

In 2020, the admissions campaign was the best yet for NUST MISIS: the new students' average score on the Unified State Examination was 88.4 (2019: 86.6). The admittance score has increased by more than 21 points since 2012.

According to Presidential Executive Order No. 597 of 07.05.2012 "On Measures To Implement the State Social Policy, the average salaries of faculty members ought to equal 200% of average salaries across the region. This target has been met in each division of the University. In 2020, the average salaries of faculty members equalled 217–294% of the average for respective regions. Staff payroll costs increased in 2020 by 9.6%.

NUST MISIS realises the Digital MISIS model that includes extensive implementation of new teaching technologies, online tools and data-based solutions to achieve outstanding results in science and education, as well as digital services for the University's students and employees. All these aspects were growing at an accelerated pace in 2020 during the pandemic, when for a certain period of time the University operated almost fully in the digital format.

Despite all the challenges of the year, the University actively developed its infrastructure with a focus on integrating science and teaching. It invested RUB 1,285 million in upgrading its facilities in 2020, which was 17% more than in 2019. It renovated 3,000 sq.m of premises in the College of Information Technologies and Computer Sciences, research labs and centres.

By a Russian Presidential Decree, 2020 was declared the Year of Memory and Glory to mark the 75th anniversary of the victory over fascism. NUST MISIS created a memorial in memory of the heroes of the Great Patriotic War.

**Federal State Autonomous Educational Institution of Higher Education
The National University of Science and Technology "MISIS"
MESSAGE FROM THE RECTOR**

Objective evidence of the University's dynamic development is its stronger positioning in the international educational rankings. Today, NUST MISiS is included in the top THE, QS and ARWU rankings in 19 areas, top-50 universities in Engineering and Mining (QS ranking), top-100 universities in Engineering and Metallurgy (ARWU ranking) and the group of 151+ best universities in Materials Science. According to the QS World University Ranking, NUST MISiS is in the list of top-500 universities in the world.

The main objectives of our country's higher education system are defined in national projects. NUST MISiS has everything it needs to become one of the best technical universities in Russia and the world. This includes the right development strategy, a highly professional leadership team, talented students, modern teaching and research infrastructure, and the support of the business community.

Alevtina Chernikova

Rector
NUST MISiS



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 1,362,405 thousand, while aggregate positive net cash flow constituted RUB 631,302 thousand.

According to the statement of financial performance, sales revenue amounted to RUB 7,989,357 thousand having increased by RUB 380,200 thousand or 5% due to increase in revenue from educational activities.

The University's net assets in 2020 increased by 1% reaching RUB 26,502,495 thousand. Accumulated surplus increased by 6% and amounted to RUB 2,715,795 thousand. Current assets increased by 18% reaching RUB 4,149,052 thousand due to the increase in cash balances and financial investments from the Endowment Fund.

The current liquidity ratio of 1.95 shows that the University has a high level of liquidity to serve its current liabilities (current assets exceed current liabilities by 95%). Equity to assets ratio was 0.93 (standard ratio is 0.5 and higher), showing that the University is independent from external sources of funding.

2. Competitiveness Enhancement Programme

The Competitiveness Enhancement Programme is a project of the Russian Government aimed at raising the competitive positions of leading Russian Universities at the global market of educational services and research programmes. The University was a participant in the Competitiveness Enhancement Programme from 2013 to 2020.

The programme allows our University to grow into a world-class university in key areas of research, education, and management.

NUST MISiS was ranked in the leading group of universities participating in the Project 5-100 and was awarded the maximum amount of financing allowed in 2020, RUB 875,784 thousand.

Throughout the course of the Project (2013-2020), NUST MISiS has completed its transformation into an international cross-disciplinary scientific and technology centre. Following an open international competitive procedure 32 research teams were formed, spearheaded by leading scientists from Germany, Greece, Italy, Russia, USA, Ukraine, France, Switzerland, Sweden and Japan.

In 2020 the share of joint publications co-authored with international scientists according to Scopus was over 43%. Researchers from NUST MISiS published 84 articles in 31 journals included in TOP-1% according to CiteScore. Under the Competitiveness Enhancement Programme NUST MISiS engaged over 100 young scientists, 6 of them became heads of research labs and scientific centres of an international level. The University's h-index has grown from 41 in 2013 to 93 in 2020.

In 2020, the University was ranked in 19 leading subject, industry and regional global ratings (QS, THE, ARWU, U.S. News), including:

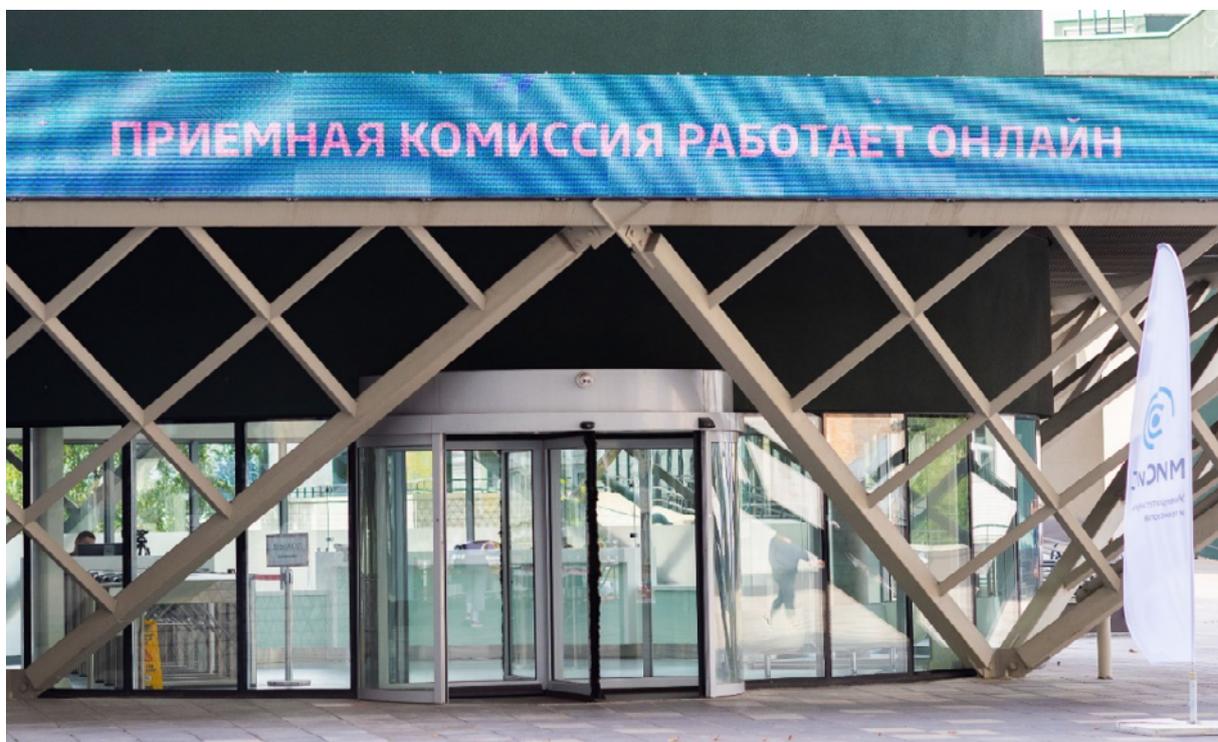
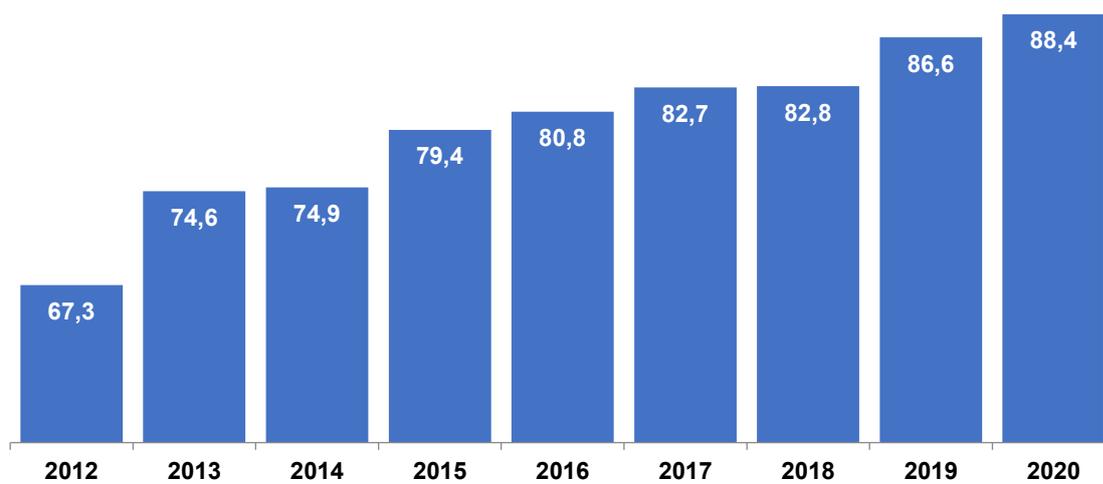
- Mineral and Mining (QS) – ranked 42nd globally and 2nd among Russian universities;
- Metallurgical Engineering (ARWU) – within the range of 51-75 and number 1 among Russian universities;
- Petroleum Engineering (QS) – within the range of 51-100 and number 6 among Russian universities;
- Materials Science (QS) – within the range of 151-200 and number 1 among Russian universities;
- Materials Science (U.S.News) – 158th globally and number 1 among Russian universities.

3. Educational Services

In 2020, the University had 20,628 students, including 13,943 in the higher education programmes, 1,494 in the secondary vocational education programme, and 5,191 in the continuing vocational education programme.

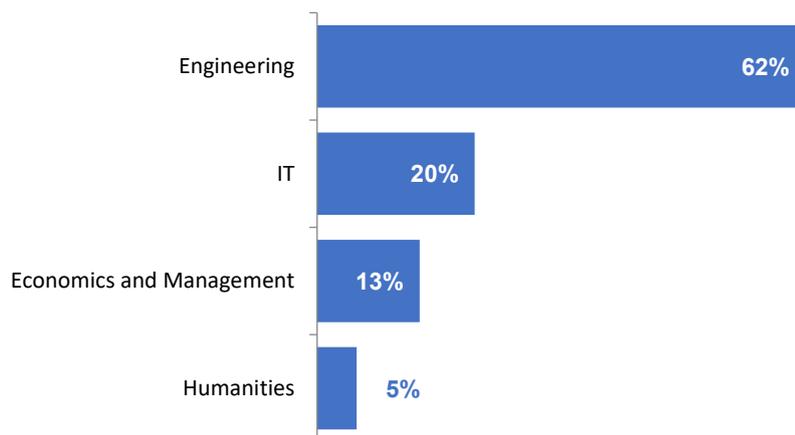
From year to year, the University attracts better prepared and more determined matriculating applicants. In 2020, the admissions campaign was the best for NUST MISiS. In 2012, the average grade of the Unified State Examination was 67,3 points, while in 2020, it reached 88,4 points out of 100.

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



NUST MISiS actively promotes Russian higher education abroad. As a result, over 19% of the University's students are international students from 84 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, 2020, %.



As a means to provide social support for students, the University's tuition fees in 2020 were kept at the level of 2019. The tuition fees of NUST MISiS are competitive with other leading technical universities of Moscow.

Revenues in 2020 from educational programmes amounted to RUB 3,514,927 thousand, an increase of 6% from 2019.

4. Dormitories

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

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

For Russian government-supported students, the price of living in one of the NUST MISiS dormitories in Moscow ranges from RUB 1,600 to RUB 2,150 per month, at the branches the dormitory fee varies from RUB 295 to RUB 782.09 per month. Low prices and comfortable conditions provide a distinct competitive advantage to our University.

5. Financial Support of Students

Students can receive financial support from the federal budget, University funds and the business community. In 2020, the total financial support provided to students equalled RUB 352,959 thousand.

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 34,687 thousand in 2020.

Figure 3. Online graduation party "MISIS at its Best".



6. Research and Development

The amount of funds from R&D activities and technical services was RUB 2,078,144 thousand. The University provided additional funding of RUB 564,381 thousand for research and development from the Competitiveness Enhancement Programme.

The University received 25% of its income from R&D, ensuring its sustainable development as a multi-profile research center. In 2020, 5 articles were published in top-rated journals included in the Top 1% according to the Source Normalized Impact per Paper (SNIP) included in the international Web of Science and Scopus databases. In 2020, the number of publications written in collaboration with other leading world research centres reached 41.3% (2014: 39.9%) with 906 articles published in 1st and 2nd quartile journals (301 in 2014).

In 2020, the College of New Materials and Nanotechnologies and the College of Environmentally Sound Technologies & Engineering were the leaders in the number of scientific research among the University's eight colleges.

Figure 4. Number of Publications per Academic Staff Member, last five years, Scopus.

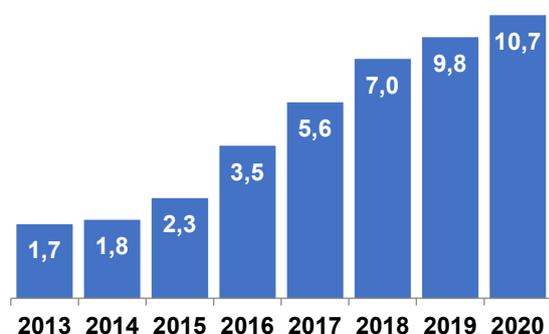
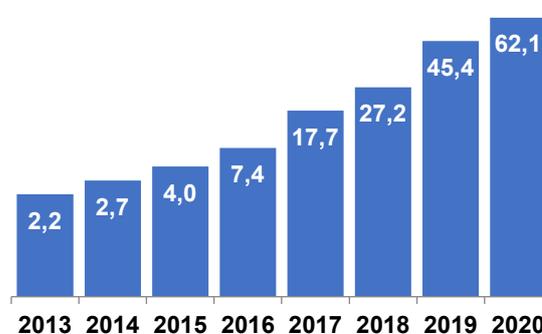


Figure 5. Number of Quotations per Academic Staff Member, last 5 years, Scopus.



7. Donations and Special Purpose Funding

Every year, the University receives support from individuals and legal entities in the form of donations and special purpose funding for research and academic projects. In 2020, the University received RUB 136,678 thousand including non-cash support of RUB 5,658 thousand.

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

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

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

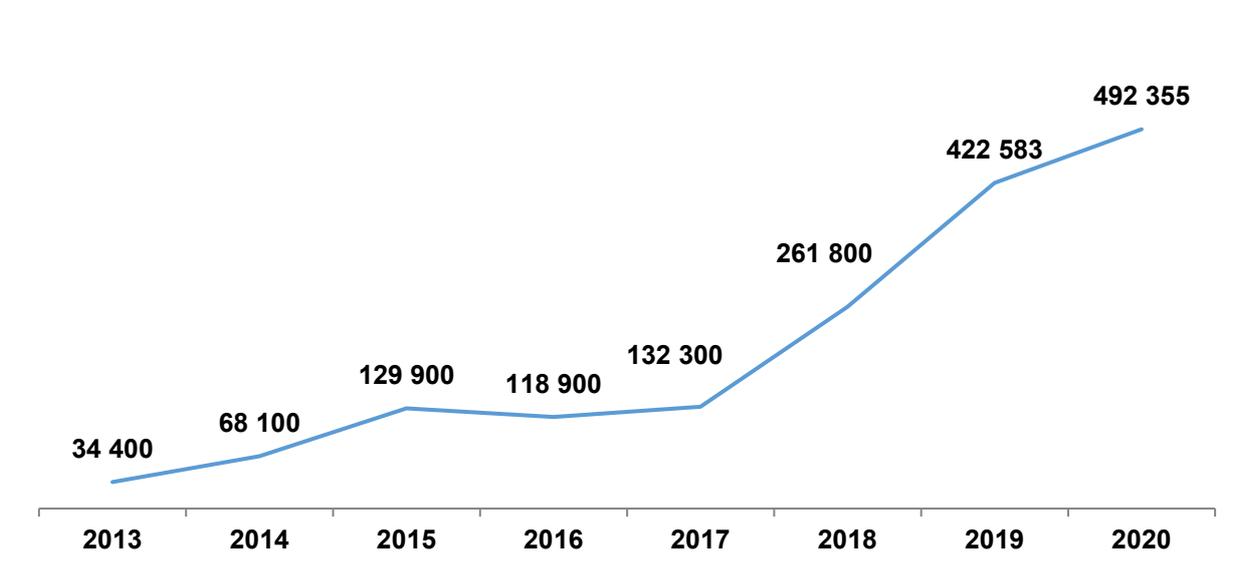
The Fund transfers the donations to management companies under trust management agreements. The NUST MISiS Endowment Fund has two endowments handled by management company ZAO "Gazprombank-Asset Management": Endowment 1 “NUST MISiS” and Endowment 2 “MISiS in top-100”.

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

Table 1. Dynamics of key indicators of Endowment Fund

Indicator	2013	2014	2015	2016	2017	2018	2019	2020
Income from trust management, RUB (in thousands)	700	1,800	22,000	2,900	6,060	25,600	14,388	72,637
Annual yield, %	11.2	4.7	18.5	2.5	5.1	10.8	2.74	11.9
Year-end market value of net assets, RUB (in thousands)	34,400	68,100	129,900	118,900	132,300	261,800	422,583	492,355

Figure 6. Year-end Market Value of Endowment Fund Net Assets, RUB (thousands).



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

In 2020, the following University endeavours received financial support from the Fund in the amount of RUB 8,568 thousand:

- Scholarship and grant programmes including the JSC “Giredmet” student award established by Y.A. Pakhomenko, Academic Director of the Materials Science and Metallurgy Shared Knowledge Centre), the A.D. Deineko scholarship by TMK (established by Pipe Metallurgical Company PJSC), the V.A. Arutyunov scholarship (established by the Chairman of RUSNANO Management Board O.V. Kiselev), the S.S. Gorelik student award, the E.F. Vegman scholarship by the MetProm Group, the V. A. Grigoryan scholarship;
- Contests - “Student of the Year”, “Teacher of the Year”, and “Employee of the Year”;
- Support for Science Days organised by NUST MISiS;
- Scientific and educational videos;
- Support with the Christmas Lectures at NUST MISiS;
- Support with Laba Science Day at NUST MISiS;
- Support for NUST MISiS colleges;
- Interaction with alumni of NUST MISiS.

Figure 7. Awarding the winners of the "Undergraduate Student of the Year" and "Post-Graduate Student of the Year" contests.



Figure 8. A Christmas lecture at NUST MISiS.



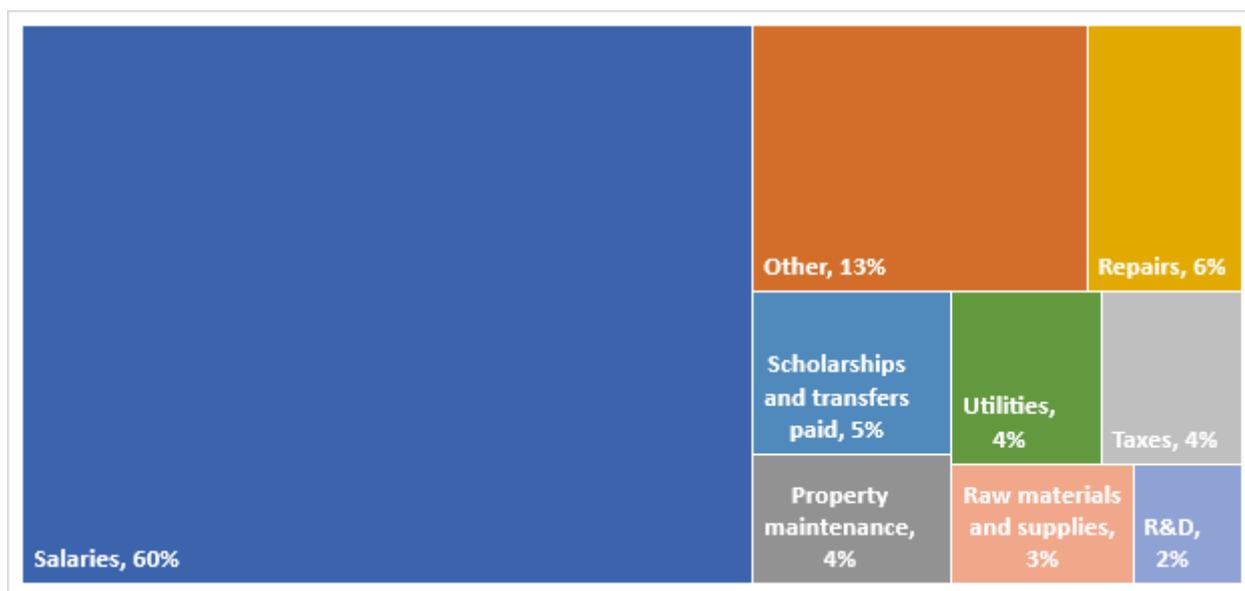
8. Operating Expenses

In 2020, the University’s operating expenses have increased by 9% to RUB 6,957,079 thousand. The biggest cost item is staff costs – 60%.

This line item has increased by 8% or RUB 303,145 thousand. Higher staffing costs were driven also by Presidential Executive Order No. 597 of 07May 2012 “On Measures to Implement the State Social Policy” and the instructions from Deputy Chairman of the Russian Government T.A. Golikova No. TG-P12-718 of 1 February 2019. Average monthly salaries across all staff have risen by 13%, including an increase of 10% for faculty.

The University’s average headcount is 2,521 employees, including 606 employees at the University’s branches.

Figure 9. Structure of operating expenses, 2020.



9. Investment Expenses

In 2020, the University spent RUB 1,285,077 thousand to create scientific labs and comfortable learning conditions and improve the campus territory, including:

- Capital repairs and maintenance of RUB 552,098 thousand;
- Training and scientific equipment of RUB 391,990 thousand;
- Office and network equipment, furniture of RUB 340,989 thousand.

In 2020, NUST MISiS increases investments in infrastructure by 17% as compared to 2019.

Figure 10. New museum area for a Memorial of the Great Patriotic War, 192 sq. m



Figure 11. Renovation of the College of Information Technologies and Computer Sciences premises, 2,816 sq. m



10. Management's Responsibility for Financial Statements

University management is responsible for the preparation and fair presentation of the financial statements. The University's financial statements were prepared in accordance with IPSAS. The financial statements have been audited by independent auditors, AO PricewaterhouseCoopers Audit.

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

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

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



G. V. Timokhova
Chief Financial Officer



A.V. Kravtsova
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":

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology "MISiS" (the "University") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

What we have audited

The University's consolidated financial statements comprise:

- The consolidated statement of financial position at 31 December 2020;
 - 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 cash flow statement for the year then ended;
 - The consolidated statement of comparison of budget and actual amounts for the year then ended;
 - Notes to the consolidated financial statements, comprising a summary of 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 University in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

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

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

AO PricewaterhouseCoopers Audit
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TRANSLATION NOTE: This version of our report is a translation from the original, which was prepared in Russian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation. This English translation does not contain the English translation of the notes to the balance sheet and statement of financial results, which are part of the official Russian version of the accompanying financial statements.



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

Those charged with governance are responsible for overseeing the University's consolidated 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

AO PricewaterhouseCoopers Audit

1 July 2021

Moscow, Russian Federation



D.P. Derevyankin, certified auditor (licence no. 01-001581),
AO PricewaterhouseCoopers Audit

Audited entity: Federal State Autonomous Educational Institution of Higher Education "The National University of Science and Technology "MISIS"

Registered by the Government Agency Moscow Registration Chamber on 1 August 1997 under No. 066.824

Record made in the Unified State Register of Legal Entities on 23 October 2002 under State Registration Number 1027739439749

Taxpayer Identification Number 7706019535

4 Leninsky Prospect, Moscow, 119049

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

**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 2020	31 December 2019
Assets			
Current assets			
Cash and cash equivalents	7	3,282,137	2,650,835
Receivables and prepayments	8	284,150	361,181
Investments in shares and bonds of Endowment Fund	9	492,890	392,695
Taxes and charges overpaid		26,847	38,653
Inventories		37,159	37,153
Other assets	10	25,869	38,368
Total current assets		4,149,052	3,518,885
Non-current assets			
Property, plant and equipment	11	24,273,930	24,800,217
Intangible assets	12	158,247	135,819
Investments in associates		52,192	16,207
Deferred tax assets	28	913	3,022
Advances issued for construction and acquisition of property, plant and equipment			900
Total non-current assets		24,485,282	24,956,165
TOTAL ASSETS		28,634,334	28,475,050
Liabilities			
Current liabilities			
Advances received for non-exchange transactions	15	688,225	393,742
Trade and other payables	13	408,570	396,682
Advances received for exchange transactions	16	468,247	388,486
Provisions for future expenses and payments	17	321,176	901,342
Taxation	14	103,853	106,881
Income tax settlements with the budget		114,965	48,650
Other liabilities		26,803	38,368
Total liabilities		2,131,839	2,274,151
Net assets			
Settlements with founder	18	23,360,996	23,233,034
Accumulated surplus		2,715,795	2,569,338
Endowment Fund		425,704	398,527
Total net assets		26,502,495	26,200,899
TOTAL NET ASSETS AND LIABILITIES		28,634,334	28,475,050

Approved for issue and signed on 1 July 2021

A.A. Chernikova
Rector

G.V. Timokhova
Chief Financial Officer

A.V. Kravtsova
Chief Accountant

The accompanying notes on pages 6 to 41 are an integral part of these financial statements.

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

	Notes	2020	2019
Revenue			
Educational services	19	3,520,287	3,314,372
Research and development services	20	1,247,848	1,108,110
Subsidies for the development of the University	21	1,181,115	910,811
Subsidies for public interest events		476,423	124,948
Other revenue from transactions with assets	11	8,901	534,117
Lease and compensation of utilities costs		333,782	462,531
Other services		325,583	419,331
Subsidies and donations for scholarships	22	315,280	319,902
Grants from research foundations	23	347,349	270,255
Donations for statutory activity		232,789	144,585
Other revenue from non-exchange transactions		-	195
Total inflows (income)		7,989,357	7,609,157
Expenses			
Salaries, compensation under civil contracts and charges for said payments	24	(4,240,182)	(3,868,171)
Outsourced services	25	(1,515,319)	(1,487,171)
Property, plant and equipment write-off	11	-	(8,470)
Depreciation and amortisation	11, 12	(739,293)	(721,603)
Scholarships and transfers	22	(366,111)	(369,614)
Cost of raw materials and consumables used		(320,955)	(291,590)
Taxes and duties	27	(155,301)	(154,071)
Accrual of impairment provision for accounts receivable		(1,471)	(14,272)
Accrual of provision for legal claims	17	-	(28,352)
Other expenses	26	(276,639)	(245,876)
Total expenses		(7,615,271)	(7,189,189)
Gain / loss on foreign exchange transactions		34,575	(86,254)
Participation in the results of associates		35,985	(1,686)
Surplus/(deficit) for the period before taxes		444,646	332,028
Income tax	28	(172,910)	(69,445)
Surplus/(deficit) for the period		271,736	262,583

The accompanying notes on pages 6 to 41 are an integral part of these financial statements.

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

	Notes	Settlements with founder	Accumulated surplus/ (deficit)	Endow- ment Fund	Total net assets Assets
Balance at 1 January 2019		23,628,633	1,677,791	239,503	25,545,927
Surplus for the period		-	262,583	-	262,583
Depreciation of property, plant and equipment under operational management	18	(621,869)	621,869	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	8,006	(8,006)	-	-
Additions of property, plant and equipment contributed by founders		238,616	-	-	238,616
Disposal of property, plant and equipment	18	(20,352)	20,352	-	-
Contributions to Endowment Fund		-	-	154,874	154,874
Revaluation of bonds	9	-	-	(1,101)	(1,101)
Revaluation of bonds – write-off of current period's deficit	9	-	(5,251)	5,251	-
Balance at 31 December 2019		23,233,034	2,569,338	398,527	26,200,899
Surplus for the period		-	271,736	-	271,736
Depreciation of property, plant and equipment under operational management	18	(474,524)	474,524	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	604,430	(604,430)	-	-
Additions of property, plant and equipment contributed by founders		-	-	-	-
Disposal of property, plant and equipment	18	(1,944)	1,944	-	-
Contributions to Endowment Fund		-	-	11,966	11,966
Revaluation of bonds	9	-	-	17,894	17,894
Revaluation of bonds – write-off of current period's deficit	9	-	2,683	(2,683)	-
Balance at 31 December 2020		23,360,996	2,715,795	425,704	26,502,495

The accompanying notes on pages 6 to 41 are an integral part of these financial statements.

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

	Notes	2020	2019
Cash flows from operating activities			
Tuition fees		3,514,927	3,302,489
Payments for research and development services		1,447,072	858,941
Received subsidies for the development of the University		1,241,462	1,149,787
Received grants from research foundations		631,072	428,468
Payment for public interest events		464,119	157,859
Rental revenue and compensation of utilities costs		400,297	446,310
Subsidies and donations for scholarships		290,845	296,461
Payment for other services and other revenue including interest income		243,009	389,057
Donations for statutory activity		98,134	130,911
Other revenue from non-exchange transactions		86,681	190,317
		-	1,652
Total cash flows from operating activities		8,319,484	7,221,341
Salaries, compensation under civil contracts and charges for said payments			
		(4,162,259)	(3,859,114)
Third party services paid		(1,722,626)	(1,507,400)
Scholarships and transfers paid		(332,927)	(322,041)
Raw materials and supplies paid		(222,046)	(220,704)
Taxes and levies paid		(251,117)	(267,352)
Other expenses paid		(159,873)	(201,201)
income tax paid		(106,231)	(9,652)
Total cash flows from operating activities		(6,957,079)	(6,387,464)
Net cash from operating activities			
		1,362,405	833,877
Purchases of property, plant and equipment		(725,320)	(384,614)
Payments/proceeds from recovery of deposits and repayment of loans originated		-	15,964
Acquisition of investments held for sale	9	(820,965)	(529,301)
Cash proceeds from Endowment Fund consolidation		-	26,340
Proceeds from the sale of available-for-sale investments	9	792,368	367,012
Acquisition of intangible assets		(75,658)	(54,556)
Dividend income received		-	181
Net cash flows used in investing activities		(829,575)	(558,974)
Cash flows from financing activities			
Receipt of targeted contributions to Endowment Fund		11,452	152,137
Net cash flows from financing activities		11,452	152,137
Effect of exchange rate changes on cash and cash equivalents		87,020	(44,913)
Cash and cash equivalents at the beginning of the year	7	2,650,835	2,268,708
Net change in cash		631,302	382,127
Cash and cash equivalents at the end of the year	7	3,282,137	2,650,835

The accompanying notes on pages 6 to 41 are an integral part of these financial statements.

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

	Budget		Actual amounts	Performance difference
	Initial	Final		
REVENUE				
Revenue from property	441,561	414,821	426,544	(11,723)
Revenue from fee-based services	2,425,990	2,106,469	2,301,561	(195,092)
Subsidies for fulfilment of public engagement	2,390,685	2,996,555	2,996,555	-
Gratuitous cash receipts	1,317,124	2,614,163	2,610,475	3,688
Revenue from interest, penalties and other enforced collections	1,500	1,629	1,751	(122)
Gains on transactions with assets	-	44	199	(155)
Other income	-	532,444	500,817	31,627
Total income	6,576,860	8,666,125	8,837,902	(171,777)
EXPENSES				
Compensation of employees, including social security contributions	(4,026,349)	(4,234,482)	(4,089,070)	(145,412)
Purchases of services including:	(1,640,078)	(2,198,392)	(1,985,142)	(213,250)
Research and development services	(170,221)	(147,327)	(134,530)	(12,797)
Capital repair expenditures	(224,526)	(178,657)	(174,946)	(3,711)
Maintenance services	(418,834)	(553,824)	(457,592)	(96,232)
Utilities	(334,893)	(283,113)	(262,941)	(20,172)
Capital investments in public (municipal) property	(3,250)	(55,750)	(54,219)	(1,531)
Telecommunication services	(22,447)	(21,476)	(18,172)	(3,304)
Rent paid	(1,267)	(1,282)	(1,212)	(70)
Transportation services	(4,173)	(515)	(440)	(75)
Other work and services	(460,467)	(956,448)	(881,090)	(75,358)
Acquisition of non-financial assets including:	(653,284)	(1,049,077)	(895,768)	(153,309)
Property, plant and equipment	(413,262)	(792,651)	(671,101)	(121,550)
Intangible assets	(1,800)	(3,219)	(2,621)	(598)
Inventories	(238,222)	(253,207)	(222,046)	(31,161)
Social security	(306,334)	(334,514)	(332,927)	(1,587)
Other expenses	(295,527)	(895,431)	(877,079)	(18,352)
Total expenditure	(6,921,572)	(8,711,896)	(8,179,986)	(531,910)
NET PAYMENTS	(344,712)	(45,771)	657,916	(703,687)

The accompanying notes on pages 6 to 41 are an integral part of these financial statements.

1. General Information

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

The University is a unitary not-for-profit organisation 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.

In accordance with Russian Government Resolution No. 211 “On Government Support to Leading Russian Universities in Order to Enhance their Competitiveness among Leading Global Research and Educational Centres” of 16 March 2013, and the Order of the Russian President No. 599 “On Policy Making in the Field of Education and Science” of 7 May 2012, as the winner of the tender for government support to leading Russian universities in order to enhance their competitiveness among leading global research and educational centres, the University is committed to carry out the competitiveness enhancement programme in accordance with the Plan of Actions agreed with the Russian Ministry of Science and Higher Education, and to enter the TOP 100 ranking of leading global universities according to QS.

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

The strategic goal of NUST MISiS is to secure a position as one of the leading global universities according to the key international ratings (THE, QS) by means of world-class fundamental and applied research in materials, nanotechnologies and biotechnologies, metals and mining, as well as information technologies.

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 recognized 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 financial statements under IPSAS.

Principal activity. 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 teaches students to prepare experts in metals, nanotechnologies and new materials, information technologies, automated control systems, sustainable and energy-efficient technologies, economy and administration.

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

1. General Information (Continued)

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

As at 31 December 2020 and 31 December 2019, NUST MISiS had four branches in the Russian Federation and a branch in Dushanbe (Tadjikistan) and a branch in Almalyk (Uzbekistan).

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

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

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

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

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

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

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

NUST MISiS has investments in associates with interest between 20% and 50%. As at 31 December 2020, the University had 33 associates (31 December 2019: 35 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 Leninsky Prospect, Moscow, 119049, Russian Federation.

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

Monetary assets and liabilities denominated in foreign currencies are translated into the University's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the end of the reporting period. Gains or losses on foreign exchange transactions are presented in a separate line item "Gains / losses on foreign exchange transactions" in the 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 Group

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

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

Meanwhile, the international sovereign debt crisis, volatility of the stock and oil products' markets, the deficit of the country's consolidated budget and other external and internal risks may have a negative effect on the Russian budget sector, leading to deficit in financing government contracts and discontinued investment, educational and scientific programmes.

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, self-isolation and restrictions on business activities, including business closure. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period of time.

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

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

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.

Competitiveness Enhancement Programme (Project 5-100) NUST MISiS mainly operates in the Russian Federation. The Russian Government is carrying out a programme aimed at developing education and science and ensuring that by 2020 at least five Russian universities are among top global universities according to the world university ranking (QS).

The goal of the Competitiveness Enhancement Programme (Project 5-100) (hereinafter – "Project 5-100") is to maximise the competitive position of several leading Russian Universities at the global market of educational services and research programmes.

The main goals of Project 5-100 are:

- Elaborating and taking actions aimed at creating long-term competitive advantages for the universities;
- Internationalizing all activities, developing infrastructure to engage the best scientists, teachers, managers and students;
- Producing world-class intellectual products;
- Building an outstanding academic reputation through conducting breakthrough research and engaging the world's best scientists;
- Aligning the education programmes with best practices;
- Promoting collaboration between universities, industry and business;
- Exporting educational services.

2. Operating Environment of the Group (continued)

In 2013, a Council for Enhancing the Competitiveness of Leading Russian Universities among Leading Global Research and Educational Centres was formed in accordance with a Resolution of the Russian Government. It is a permanent international advisory body established to discuss the development of leading Russian Universities.

As a result of two open tenders for government support, 21 leading Russian Universities participate in Project 5-100, including NUST MISiS.

In 2019 and 2020, it carried out the strategic initiatives and objectives of NUST MISiS' Road Map. One of the key results of these initiatives was securing a position in international rankings.

In 2020, NUST MISiS:

- Demonstrated a significant improvement of rating in QS World University Rankings, 20 positions up year on year, ranking 428th in the group;
- Retained its position in the World University Rankings in the 601+ category;
- Got 3 steps up in the QS Emerging Europe&Central Asia, EECA ranking – from position 45 to 42;
- Retained its position in QS Emerging Europe&Central Asia, EECA by "share of international students" ranked 11th (2019: 11th) and by the share of international students among all ranked universities (Nr. 6 among Russian Universities);
- Retained its positions in THE, QS and ARWU rankings by six subjects, Nr. 42 in the QS World University Rankings by Subject in Engineering – Mineral&Mining, and improved its position in TOP 100 Shanghai Global Ranking of Academic Subjects in Metallurgical Engineering;
- Strengthened its positions in Webometrics Ranking of World Universities, rising by more than 300 positions. In the overall ranking, the University ranks 1,149 among 20,000 educational institutions of the world.

In accordance with the approved action plan, NUST MISiS should prepare consolidated financial statements in line with International Public Sector Accounting Standards for 2020.

3. Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements for the year ended on 31 December 2020 were prepared in accordance with IPSAS. Where there were no specific requirements in IPSAS, we applied IFRS.

The principal accounting principles applied in the preparation of these 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).

3.2 Basis of preparation

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

3. Summary of Significant Accounting Policies (Continued)

3.3 Associates

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

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

The share in the financial result of associates is recorded in the Statement of Financial Performance. When changes are recognised directly in the net assets of associates, NUST MISiS recognises the corresponding share and discloses it in the Statement of Changes in Net Assets.

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

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

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

3.4 Cash and cash equivalents

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

3.5 Financial assets

3.5.1 Initial recognition and measurement

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

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

3.5.2 Subsequent measurement

A financial asset's subsequent measurement depends on classification.

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

NUST MISiS's accounts receivable represent:

- Settlements with payers of income on property;
- Settlements with payers of income on fee-based services, including educational services and R&D;

3. Summary of Significant Accounting Policies (Continued)

3.5 Financial assets (continued)

- Settlements on subsidies to implement government engagements and other objectives;
- Settlements with payers of other income.

Available-for-sale investments. Available-for-sale investments include investments of Endowment Fund in quoted shares and bonds and are recorded in the line item "Investments in shares and bonds of Endowment Fund". Available-for-sale investments are carried at fair value. Fair value of financial assets traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by NUST MISiS. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in surplus (deficit) for the year as investment income from Endowment Fund's investments. Dividends income on investment in available-for-sale financial instruments are recorded in surplus or deficit for the year in line item "Investment income on Endowment Fund's investments", when the right of NUST MISiS to receive these payments is established and it is highly probable that the dividends will be received. Other changes in fair value are recorded directly as changes in Endowment Fund's cash balance in the Statement of Changes in Net Assets until investment is derecognised or impaired, when the amount of accumulated profit or loss is transferred from the Endowment Fund to surplus or deficit for the year.

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

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

3.5.3 Impairment of financial assets

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

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

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

Impairment of financial assets carried at amortised cost.

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

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

3. Summary of Significant Accounting Policies (Continued)

3.5 Financial assets (continued)

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

3.5.4 Derecognition of financial assets

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

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

3.6 Financial liabilities

3.6.1 Initial recognition and measurement

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

3.6.2 Subsequent measurement

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

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

NUST MISiS payables include:

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

3.6.3 Derecognition

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

3.7 Offsetting financial instruments

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

3. Summary of Significant Accounting Policies (Continued)

3.8 Inventories

Inventories are initially recognised at their acquisition cost. Consequently, inventories are measured at the lower of their acquisition cost or net realisable value. Inventories received as a result of non-exchange transactions are carried at fair values at the acquisition (receipt) date. The cost of inventories released to production or otherwise disposed of is determined on the weighted average basis. The cost of any inventories that are usually non-replaceable and/ or were purchased for specific purposes (e.g., for implementing a specific public or commercial order) is set individually. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and selling expenses. Inventories consumed in the ordinary course of NUST MISiS' business are recognised within expenses.

3.9 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 from funds provided by the owner to purchase the property. The owner of the property removed from NUST MISiS can dispose of such property at its discretion. The property owner is not liable for the obligations of NUST MISiS.

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

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.9 Property, plant and equipment (continued)

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

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

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.

3.10 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.

3.11 Intangible assets

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

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.11 Intangible assets (continued)

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

3.12 Construction in progress

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

3.13 Impairment of non-financial assets

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

The fair value less costs to sell value is determined with reference to observable market deals (if any). If such deals cannot be identified, the fair value less costs to sell is determined based on the best available information. Impairment losses on continuing operations, including impairment of inventories are recognised in the 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.

3. Summary of Significant Accounting Policies (Continued)

3.13 Impairment of non-financial assets (continued)

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.

3.14 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 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 financial statements, when it is probable that the entity will receive future economic benefits or value in use associated with the asset. Contingent assets are periodically reviewed to ensure that relevant changes are appropriately reflected in the financial statements. If it is practically guaranteed that future economic benefits will be received or value in use will be created, and an asset can be reliably estimated, then the asset and respective income are recognised in the financial statements in the period when the change took place.

3.15 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:

- (a) 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
- (b) the asset's fair value can be measured reliably.

3. Summary of Significant Accounting Policies (Continued)

3.15 Revenue from non-exchange transactions (continued)

Resources received from a non-exchange transaction and recognised as an asset should be recognised as revenues to the extent such resources exceed the financial liability which is recognised against such resources. Any asset acquired through a non-exchange transaction is initially recognised at fair value at the acquisition date. If NUST MISiS recognises an asset as a result of a non-exchange transaction, then it also recognises revenues equivalent to the asset measured under IPSAS 23.

Revenue from Non-Exchange Transactions (taxes and transfers), p. 42, unless it does not also require liability recognition. The amount recognised as a liability should represent the best estimate of the amount necessary to meet the current obligation at the reporting date. The estimate should account for risks and uncertainties associated with the event resulting in liability recognition.

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

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

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

Subsidies for development of the University financed by subsidies for fulfilment of public engagements are recognised within revenue from non-exchange transactions at the date when the agreements were signed with the Russian Ministry of Education and Science.

Subsidies for development of the University financed by subsidies for other purposes are recognised within revenue from non-exchange transactions in the amount of expenses incurred as obligations stipulated in the related contract (agreement) are discharged.

Budgetary provisions under the FTIP. Budgetary provisions under the FTIP are federal budget funds allocated for budgetary investments under the rules of making capital investments into the state property of the Russian Federation under the Federal Targeted Investment Programme (FTIP). The budget appropriations are intended for investing in new construction, expansion, renovation and upgrade of the existing buildings and structures, purchase of machines, equipment, tools, fixtures, research and development and other expenses. The budget appropriations are recognised as revenues in the statement of financial performance for the reporting period in the amount of capital expenses incurred during the reporting period.

Subsidies and donations for scholarships. Budgetary funds received in the form of a subsidies for student scholarships, and other payments from budgets of all levels (including budgetary funding for fulfilling public obligations) or from legal entities that are subsequently allocated to payments to students, are recognised within revenues when the University accrues scholarships and other benefits to students. Personal scholarships are fully treated as revenue for the period.

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.

3. Summary of Significant Accounting Policies (Continued)

3.15 Revenue from non-exchange transactions (continued)

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.

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 events. Revenue from RSF and RFBR grants is recognised when the terms of the funds transfer agreement are met.

3.16 Revenue from exchange transactions

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

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

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

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

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

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

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

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

Subsidies for public interest 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.

3. Summary of Significant Accounting Policies (Continued)

3.16 Revenue from exchange transactions (continued)

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.

3.17 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.

3.18 Related parties

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

Related parties include:

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

3. Summary of Significant Accounting Policies (Continued)

3.18 Related parties(continued)

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

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

As at 31 December 2020 and 31 December 2019, the University's related parties disclosed in Note 31 included:

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

3.19 Income tax

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

These requirements are met by NUST MISiS during the reporting period. Income tax for 2020 and 2019 was accrued on income from fee-based educational, research and other services.

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.20 Value-added tax

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

3.21 Segment reporting

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

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

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

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

3.22 Statement of comparison of budget and actual amounts arising from budget implementation

NUST MISiS Financial and Business Plan (hereinafter, the "Budget") is developed using the cash method, based on principles other than IPSAS. The consolidated financial statements of NUST MISiS are prepared using the accrual method and the classification based on the nature of expenses presented in the statement of financial performance. The approved budget covers the reporting period from 1 January 2020 to 31 December 2020 and all the branches of NUST MISiS.

Budget classification methods include classifications by the following categories:

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.23 Changes in presentation

During the year, the University modified the classification of subsidies for public interest events in its consolidated statement of financial performance and its consolidated statement of cash flows. The University believes that the change provides reliable and more relevant information. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

The effect of changes in classification for presentation purposes was as follows on amounts at 31 December 2019:

<i>In thousands of Russian Roubles</i>	As originally presented	Reclassification	As reclassified at 31 December 2019
Consolidated Statement of Financial Performance			
Educational services	3,377,952	(63,580)	3,314,372
Research and development services	1,169,478	(61,368)	1,108,110
Subsidies for public interest events	-	124,948	124,948
Consolidated statement of cash flows			
Tuition fees	3,460,348	(157,859)	3,302,489
Payment for public interest events	-	157,859	157,859

4. New Accounting Pronouncements

Delay of effective dates due to COVID-19

IPSAS approved "COVID-19: delay of effective dates" that comes in force immediately upon approval. It delays the effective dates by one year until 1 January 2023 for the following changes: IPSAS 41 "Financial Instruments", IPSAS "Social Benefits", "Long-Term Interests in Associates and Joint Ventures" (amendments to IPSAS 36) and "Prepayment Features with Negative Compensation" (amendments to IPSAS), "Collective and Individual Services" (amendments to IPSAS 19) and "Improvements to IPSAS, 2019". Early application of the above standards and amendments is still possible. The University decided not to use early application of these standards.

IPSASB has issued two publications on leases for public discussion

On 15 January 2021, IPSASB approved ED 75 "Leases" for comments and Request for Information, Concessionary Leases and Other Arrangements Similar to Leases. Comments from stakeholders are expected by 17 May 2021. ED 75 offers guidelines on lease coordinated with IFRS 16 "Leases". It would replace the current guidelines under IPSAS 13 "Leases" that was based on IAS 17 "Leases". For lessors, risks and benefits associated with the ownership model included in IPSAS 13 are largely carried forward. For lessees, ED 75 requires all leases to be recognised on the balance sheet, except for short-term leases and leases of low-value assets. This includes recognising (a) a right-of-use asset that represents control over the underlying asset, and (b) a lease liability that represents a current liability to make future lease payments in accordance with the lease. Request for Information, Concessionary Leases and Other Arrangements Similar to Leases aims to identify the best solution for issues arising in practice in association with such transactions that are typical for the public sector.

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

NUST MISiS makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimates, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying value 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 financial statements on a going concern basis. In making this judgement management considered the NUST MISiS's financial position, current plans and expected budget financing.

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 46 million (2019: RUB 45 million). If the useful lives of the University's assets decrease by one year, depreciation charges will increase by RUB 56 million (2019: RUB 54 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 removal) is retained by the Russian Federation. The Russian Federation can dispose of any property removed from the University at its discretion.

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

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

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

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.

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

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

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

6. Segment Information

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

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

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

Deferred tax assets are recognised within other segments.

Income by segment

	Moscow	Sary Oskol	Other	Total
2020	7,263,185	370,941	425,791	8,059,917
2019	6,896,935	345,231	366,991	7,609,157

Expenses by segment

	Moscow	Sary Oskol	Other	Total
2020	6,903,569	394,505	490,107	7,788,181
2019	6,419,761	540,539	386,274	7,346,574

Segment surplus/(deficit)

	Moscow	Sary Oskol	Other	Total
2020	359,616	(23,564)	(64,316)	271,736
2019	477,174	(195,308)	(19,283)	262,583

Capital expenditure including proceeds from founders

	Moscow	Sary Oskol	Other	Total
2020	628,314	20,029	90,817	739,160
2019	1,473,171	31,271	22,739	1,527,181

6. Segment Information (Continued)

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

Segment assets and liabilities

31 December 2020	Moscow	Stary Oskol	Other	Total
Non-current assets	22,595,192	1,304,926	585,164	24,485,282
Current assets	3,460,627	42,360	646,065	4,149,052
Total assets	26,055,819	1,347,286	1,231,229	28,634,334
Current liabilities	1,626,932	56,053	448,854	2,131,839
Total net assets	24,428,887	1,291,233	782,375	26,502,495
31 December 2019	Moscow	Stary Oskol	Other	Total
Non-current assets	23,141,694	1,315,375	499,096	24,956,165
Current assets	2,930,872	41,587	546,426	3,518,885
Total assets	26,072,566	1,356,962	1,045,522	28,475,050
Current liabilities	2,179,290	63,916	30,945	2,274,151
Total net assets	23,893,276	1,293,046	1,014,577	26,200,899

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 Statement of Cash Flows cover the following amounts from the Statement of Financial Position:

	31 December 2020	31 December 2019
Settlement accounts	2,536,435	2,160,683
Current accounts in the Russian Federal Treasury	745,026	489,204
Cash on hand	676	948
Total cash and cash equivalents	3,282,137	2,650,835

At 31 December 2020, there was no cash in deposit accounts (31 December 2019: nil).

Cash and cash equivalents are placed in the following currencies:

	31 December 2020	31 December 2019
Russian Roubles	2,676,803	2,208,155
US Dollar	488,094	425,686
Euro	92,655	-
Other currencies	24,585	16,994
Total	3,282,137	2,650,835

7 Cash and Cash Equivalents (Continued)

The credit quality of cash and cash equivalents analysed based on Fitch ratings at 31 December 2020 and 31 December 2019 was as follows:

	31 December 2020			31 December 2019		
	Bank balances payable on demand	Balances on accounts with the Treasury	Term deposits	Bank balances payable on demand	Balances on accounts with the Treasury	Term deposits
<i>Rating at the reporting date</i>						
BB+ rated	-	-	-	2,146,775	-	-
BB- rated	7,074	-	-	-	-	-
BBB rated	-	745,026	-	-	-	-
BBB- rated	2,511,664	-	-	-	489,204	-
Unrated	17,697	-	-	13,908	-	-
Total	2,536,435	745,026	-	2,160,683	489,204	-

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

8. Receivables and Prepayments

	31 December 2020	31 December 2019
Trade receivables, including	204,345	348,099
Receivables from exchange transactions	204,345	348,099
Other financial receivables	74,289	15,820
Provision for impairment of receivables	(4,563)	(15,111)
Total financial receivables	274,071	348,808
Advances to suppliers and contractors	10,026	12,243
Salary advances	50	51
Other	3	79
Provision for impairment of advances issued	-	-
Total non-financial receivables	10,079	12,373
Total receivables and prepayments	284,150	361,181

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.

8 Accounts Receivable and Prepayments (Continued)

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

	31 December 2020		31 December 2019	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
<i>Neither past due nor impaired:</i>				
- Government	16,278	-	71,794	2,758
- Commercial entities and individuals	183,504	74,289	263,972	10,284
Total neither past due nor impaired	199,782	74,289	335,766	13,042
<i>Individually impaired</i>				
- over 360 days overdue	4,563	-	12,333	2,778
Total individually determined to be impaired	4,563	-	12,333	2,778
Less impairment provision	(4,563)	-	(12,333)	(2,778)
Total	199,782	74,289	335,766	13,042

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

	2020	2019
Carrying amount at 1 January	15,111	57,795
Increase in provision charged to income or expenses	3,694	7,584
Utilisation of provision	(12,019)	(40,509)
Release of provision	(2,223)	(9,759)
Carrying amount at 31 December	4,563	15,111

9 Investments in Shares and Bonds of Endowment Fund

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

	31 December 2020	31 December 2019
Russian government bonds	43,840	67,901
Municipal bonds	7,969	1,230
Corporate bonds	418,819	322,536
Total bonds	470,628	391,667
Shares	22,262	1,028
Total financial assets available for sale	492,890	392,695

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

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

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

	31 December 2019			Shares	Total
	Russian government bonds	Municipal bonds	Corporate bonds		
<i>Rating at the reporting date</i>					
BBB- rated and higher	67,901	1,230	174,979	1,028	245,138
BB+ rated	-	-	46,339	-	46,339
BB rated	-	-	55,441	-	55,441
B+ rated	-	-	45,777	-	45,777
Total	67,901	1,230	322,536	1,028	392,695

Movements in the carrying amount of bonds were as follows:

	2020	2019
Carrying amount at 1 January	391,667	211,599
Gain/(loss) less loss from fair value revaluation	15,211	5,247
Accrued interest income	14,919	35,905
Received interest income	(24,819)	(23,573)
Purchases	187,554	542,312
Sale	(135,359)	(352,755)
Repayment	(10,000)	(11,458)
Foreign exchange differences on debt securities	31,455	(15,610)
Carrying amount at 31 December	470,628	391,667

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

10. Other Assets and Liabilities

Included in other assets and liabilities is cash received as security for procurement tenders (auctions) from the participants, and also as security for the performance of contracts signed as a result of competitive procurement tenders. The cash is temporarily at the University's disposal and should be refunded to the tender participants as follows: security for procurement tenders (auctions) – upon completion of the tender process, and performance security for the contracts signed – upon the fulfilment of contractual obligations. At 31 December 2020, NUST MISiS had RUB 25,869 thousand at its temporary disposal (31 December 2019: RUB 38,368 thousand).

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11. Property, Plant and Equipment

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

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

11. Property, Plant and Equipment (Continued)

For the year ended 31 December 2019	Land plots	Residential buildings	Non-residential buildings	Plant and equipment	Production and maintenance tools	Buildings	Transport vehicles	Construction in progress	Total
Initial value									
At the beginning of the period	12,180,514	5,153,204	6,038,196	4,466,709	213,109	15,245	33,548	266,595	28,367,120
Additions	238,616	-	1,605	348,032	69,356	-	-	869,572	1,527,181
Disposals (-)	(52,914)	(5,904)	-	(28,812)	(26,556)	-	-	-	(114,186)
At the end of the period	12,366,216	5,147,300	6,039,801	4,785,929	255,909	15,245	33,548	1,136,167	29,780,115
Depreciation									
At the beginning of the period	-	(483,883)	(663,138)	(3,007,956)	(143,626)	(3,771)	(28,175)	-	(4,330,549)
Accruals	-	(43,948)	(229,791)	(378,452)	(40,482)	(785)	(1,741)	-	(695,199)
Disposal of depreciation (+)	-	1,536	-	19,540	24,774	-	-	-	45,850
At the end of the period	-	(526,295)	(892,929)	(3,366,868)	(159,334)	(4,556)	(29,916)	-	(4,979,898)
Carrying value									
At the beginning of the period	12,180,514	4,669,321	5,375,058	1,458,753	69,483	11,474	5,373	266,595	24,036,571
At the end of the period	12,366,216	4,621,005	5,146,872	1,419,061	96,575	10,689	3,632	1,136,167	24,800,217

Construction in progress. Construction in progress includes construction and reconstruction of property, plant and equipment. The large part of reconstruction and construction of property plant and equipment is financed by the federal targeted investment programme.

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

In 2020 the claim amount was revised and reduced by RUB 579,161 thousand due to completion of legal proceedings and modification of claim, as a result the construction in progress item was impaired by the relevant amount (Note 17).

Additions to property, plant and equipment. In June 2019, the University obtained title for unlimited use of a land plot in the Moscow region, Nicolob-Uryupino. The land plot's cadastral value is RUB 238,616 thousand, the addition is recognised in the Consolidated Statement of Financial Performance within "Other revenue from transactions with assets" (Note 32).

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12. Intangible Assets

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

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

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12. Intangible Assets (Continued)

For the year ended 31 December 2019	Websites	Patents	Software	Know-how	Computer software licences	Right to use educational platforms	R&D in progress	Total
Initial value								
At the beginning of the period	8,273	29,530	5,766	21,603	72,669	50,000	3,266	191,107
Additions	1,800	2,325	1,705	20,905	21,333	6,000	488	54,556
Disposals	-	(748)	-	(378)	-	-	-	(1,126)
Transfers from CIP	-	-	-	-	-	-	-	-
At the end of the period	10,073	31,107	7,471	42,130	94,002	56,000	3,754	244,537
Amortisation								
At the beginning of the period	(69)	(4,653)	(2,168)	(6,671)	(45,648)	(17,857)	-	(77,066)
Accruals	(1,292)	(1,497)	(1,153)	(5,999)	(15,743)	(6,143)	-	(31,827)
Disposal of amortisation	-	165	-	10	-	-	-	175
At the end of the period	(1,361)	(5,985)	(3,321)	(12,660)	(61,391)	(24,000)	-	(108,718)
Carrying value								
At the beginning of the period	8,204	24,877	3,598	14,932	27,021	32,143	3,266	114,041
At the end of the period	8,712	25,122	4,150	29,470	32,611	32,000	3,754	135,819

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

Intangible asset groups are represented by:

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

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

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

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

12. Intangible Assets (Continued)

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

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

R&D in progress. As at 31 December 2020, R&D in progress mostly represents the capitalised cost of obtaining patents and international registration of patents, know-how and software in the amount of RUB 6,806 thousand (31 December 2019: RUB 3,754 thousand).

13. Trade and Other Payables

	31 December 2020	31 December 2019
Trade payables	158,566	156,734
Other payables	4,687	4,087
Total financial payables	163,253	160,821
Payroll payable	245,317	235,861
Total non-financial payables	245,317	235,861
Total payables	408,570	396,682

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 244,344 thousand and RUB 190,977 thousand as at 31 December 2020 and 31 December 2019, respectively.

14. Taxation

	31 December 2020	31 December 2019
Value-added tax	30,926	45,600
Property tax and land tax	-	8,946
Personal income tax	-	-
Other tax settlements	72,927	52,335
Total taxation	103,853	106,881

Other taxes payable include liabilities accrued on social security contributions in connection with the recognition of liabilities for bonuses and future vacations payable within twelve months after the reporting date of RUB 72,927 thousand and RUB 52,335 thousand at 31 December 2020 and 31 December 2019, respectively.

15. Advances Received for Non-Exchange Transactions

	31 December 2020	31 December 2019
Advances received for non-exchange transactions		
Grant to support National Technological Initiative Center for Quantum Communications	227,966	207,140
Subsidies for the development of the University	226,780	170,807
Advance from research centre STIFTUNG DEUTSCHES ELEKTRONEN-SYNCHROTRON	93,613	-
Grants for scientific research from RSF and RFBR	80,562	-
Donations for statutory activity	50,857	-
Grant in the form of subsidy under federal project "Young Professionals"	-	9,099
Other subsidies for other purposes	8,255	6,502
Subsidies received to pay scholarships	192	194
Total advances received from non-exchange transactions	688,225	393,742

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

16. Advances Received for Exchange Transactions

	31 December 2020	31 December 2019
Advances received for exchange transactions		
Advances received on income from fee-based work and services	433,197	376,140
Advances received on gains generated by property	30,990	11,885
Advances received on other income	4,060	461
Total advances received for exchange transactions	468,247	388,486

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:

	2020	2019
Carrying amount at 1 January	901,342	265,284
(Decrease)/ increase in provisions	(580,166)	636,058
Carrying amount at 31 December	321,176	901,342

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

17. Provision for Liabilities and Charges (Continued)

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

On 7 May 2021 OOO Realtservice filed an appeal to challenge this ruling of the Arbitrazh court on the awarded amount. The next hearing was scheduled for 16 June 2021. University management believes that there is a negligible probability that the amount of claim to the University might change as a result of the forthcoming hearing.

18. Balances and Transactions with the Founder

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 2020	For the year ended 31 December 2019
Initial value		
At the beginning of the period	27,106,676	26,927,150
Additions to property, plant and equipment	604,430	246,622
Disposals	(4,721)	(67,096)
At the end of the period	27,706,385	27,106,676
Amortisation		
At the beginning of the period	(3,873,642)	(3,298,517)
Accruals	(474,524)	(621,869)
Disposal of amortisation	2,777	46,744
At the end of the period	(4,345,389)	(3,873,642)
Carrying value		
At the beginning of the period	23,233,034	23,628,633
At the end of the period	23,360,996	23,233,034

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

	For the year ended 31 December 2020	For the year ended 31 December 2019
Highly valuable moveable property	545,291	2,535
<i>including:</i>		
<i>Machinery and equipment</i>	521,026	2,535
Construction in progress	49,763	3,866
Buildings	9,376	1,605
Land plots	-	238,616
Total additions to property, plant and equipment	604,430	246,622

19. Revenue from Educational Services

	2020	2019
Educational services provided as part of the public engagement	2,633,954	2,560,251
Fee-based educational services	886,333	754,121
Total revenue from educational services	3,520,287	3,314,372

20. Revenue from Research and Development Work

	2020	2019
Research and development work under commercial contracts	966,113	550,129
R&D work under Federal Special Purpose Programmes	45,730	233,227
R&D work under public engagement	191,739	193,756
Scientific and technical services	-	102,598
Grants to leading scientists	-	28,400
Support to young scientists	42,000	-
Grants to leading schools of sciences	2,266	-
Total revenue from research and development work	1,247,848	1,108,110

21. Subsidies for the Development of the University

	2020	2019
Subsidies under Competitiveness Enhancement Programme (Project 5-100)	1,043,844	734,602
Subsidies for the development of the University's property	137,271	176,209
Total subsidies for the development of the University	1,181,115	910,811

22. Subsidies and Donations for Scholarships

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

	2020	2019
Student scholarships	304,906	309,620
Individual scholarships	10,374	10,282
Total subsidies and donations for scholarships	315,280	319,902

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

	2020	2019
Student scholarships	(331,178)	(334,722)
Social support allowances	(34,933)	(34,892)
Total scholarships and transfers	(366,111)	(369,614)

In 2020, student scholarships include scholarships under Project 5-100 in the amount of RUB 26,885 thousand (2019: RUB 25,107 thousand). Income for payment of these scholarships is included in income from non-exchange transactions under Project 5-100.

23. Grants from Research Foundations

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

	2020	2019
Grants from RSF	226,806	180,005
Grants to support National Technological Initiative Center for Quantum Communications	101,398	89,660
Grants for scientific research from RFBR	19,145	590
Total grants from research foundations	347,349	270,255

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

	2020	2019
Salaries	(3,298,649)	(2,974,874)
Social security contributions accrued	(879,974)	(785,728)
Compensation under civil contracts	(57,278)	(95,935)
Other payments	(4,281)	(11,634)
Total salaries, compensation under civil contracts, including social security contributions	(4,240,182)	(3,868,171)

25. Outsourced Services

	2020	2019
Repair work	(375,036)	(601,000)
Utilities	(266,540)	(292,240)
Maintenance of premises	(108,385)	(121,553)
Information and consulting services	(91,204)	(87,812)
Research and development services	(69,082)	(81,596)
Technical maintenance of equipment and utility systems	(148,852)	(68,567)
Security, cash collection services	(87,215)	(45,521)
Software maintenance, fine-tuning and acquisition	(33,292)	(28,856)
Conducting events, workshops, conferences	(154,001)	(27,526)
Telecommunications	(17,291)	(16,415)
Bank fees	(15,674)	(8,152)
Lease of premises	(785)	(6,907)
Development of design documentation	-	(5,982)
Professional development	(2,536)	(4,096)
Insurance	(797)	(885)
Other services	(144,629)	(90,063)
Total outsourced services	(1,515,319)	(1,487,171)

Other services in 2020 and 2019 include legal protection of intellectual property, representing the University in patent authorities, organising and conducting events, etc.

26. Other Expenses

	2020	2019
Advertising expenses	(8,437)	(86,196)
Effect of land plots revaluation	-	(48,298)
Business trip expenses	(9,582)	(39,098)
Organising social functions	(220,595)	(25,765)
Membership fees	(1,980)	(8,279)
Transport and accommodation allowances to students	(598)	(5,110)
Other expenses	(35,447)	(33,130)
Total other expenses	(276,639)	(245,876)

27. Taxes and Duties

	2020	2019
Land tax	(77,244)	(75,289)
Property tax	(66,190)	(67,893)
State duties and charges	(11,413)	(10,679)
Transport tax	(191)	(210)
Pollution charge	(263)	-
Total taxes and levies	(155,301)	(154,071)

28. Income Tax

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

	2020	2019
Current income tax	170,801	60,881
Deferred tax	2,109	8,564
Total income tax	172,910	69,445

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

29. Statement of Comparison of Budget and Actual Amounts

Below is the reconciliation between the actual amounts on comparative basis, as presented in the Statement of Comparison of Budget and Actual Amounts, and actual amounts in the Statement of Cash Flows for 2020. The financial statements have been prepared for 2020 and include all of the University's branches and the Endowment Fund. The budget was also prepared for 2020 and included all of the University's branches, but not the Endowment Fund.

	Operating activities	Investing activities	Financing activities	Effect of changes in exchange rates	Total
Actual amounts on comparative basis, as presented in the budget and in the Statement of Comparison of Budget and Actual Amounts	1,246,206	(673,722)	-	85,432	657,916
Differences in the basis of accounting	127,403	(127,403)	-	-	-
Actual amount in the statement of cash flows less cash flows of the Endowment Fund	1,373,609	(801,125)	-	85,432	657,916
Actual amount of cash flows of the Endowment Fund	(11,204)	(28,450)	11,452	1,588	(26,614)
Actual amount in the statement of cash flows	1,362,405	(829,575)	11,452	87,020	631,302

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 operational and legal risks.

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

	Note	31 December 2020	31 December 2019
Cash and cash equivalents			
Cash in bank settlement accounts	7	2,536,435	2,160,683
Treasury	7	745,026	489,204
Deposits placed for less than three months	7	-	-
Cash on hand	7	676	948
Receivables			
Trade receivables	8	199,782	335,766
Other financial receivables	8	74,289	13,042
Financial support for bids and contracts	10	25,869	38,368
Investments in shares and bonds of Endowment Fund			
Debt securities	9	470,628	391,667
Shares	9	22,262	1,028
Total financial assets		4,074,967	3,430,706
Accounts payable			
Trade payables	13	158,566	156,734
Other payables	13	4,687	4,087
Other liabilities	10	25,869	38,368
Total financial liabilities		189,122	199,189

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

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

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

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

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

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

30 Financial Risk Management (Continued)

Currency risk. NUST MISiS' assets and liabilities are barely exposed to currency risk. As at 31 December 2020 and 31 December 2019, over 80% of the University's financial assets and 100% of its financial liabilities are denominated in Russian roubles. In respect of currency risk, NUST MISiS sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

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

The maturity analysis of financial liabilities is as follows:

31 December 2020	Note	Demand and less than 1 month	From 1 to 3 months	Total
Liabilities				
Trade payables	13	158,566	-	158,566
Other financial payables	13	4,687	-	4,687
Total payments, including future principal and interest payments		163,253	-	163,253
31 December 2019	Note	Demand and less than 1 month	From 1 to 3 months	Total
Liabilities				
Trade payables	13	156,734	-	156,734
Other financial payables	13	38,368	-	38,368
Total payments, including future principal and interest payments		195,102	-	195,102

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	
	2020	2019	2020	2019
Associate	3,605	3,682	275	262
Other related parties	-	2,840	-	-
Total	3,605	6,522	275	262
Payables to and receivables from related parties	Receivables		Accounts payable	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Associate	496	306	689	327
Total	496	306	689	327

31 Balances and Transactions with Related Parties (Continued)

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:

	2020	2019
<i>Short-term benefits:</i>		
- Incentive benefits, bonuses and increments	224,545	134,872
- Salaries	132,033	123,530
- Social insurance contributions	70,864	50,375
- Other payments	19,866	10,139
Total	447,308	318,916

32. Contingencies and Commitments, Contingent Assets

Legal proceedings. From time to time and in the normal course of business, claims against the University may be received. On the basis of its own estimates management is of the opinion that no significant losses will be incurred in respect of these claims other than from legal proceedings for which a provision was booked as at 31 December 2020 (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 tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Capital expenditure commitments. As at 31 December 2020, the University had contractual commitments to purchase property, plant and equipment for a total of RUB 292,773 thousand (31 December 2019: RR 70,036 thousand).

Contingent assets. Following the reorganisation of the Moscow mining University in 2014 as it merged with NUST MISiS, the University received a land plot in the Moscow region, Nicolo-Uryupino. Until 2000, this land plot with the buildings on it was used as the summer camp for reserve-officer training department. It has not been used since then. As at 31 December 2018, the land plot was state property, and the management was planning to complete the title for operational control over the land plot and contact the founder to develop a strategy for its further use. The current cadastral value of the land plot is RUB 238,616 thousand. In June 2019 the University obtained title for unlimited use of the land plot. At the moment the management is considering various use scenarios for this land plot or exchanging it, subject to the founder's consent.



Moscow, 2021