



МИСИС
УНИВЕРСИТЕТ

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

In accordance with international public
sector accounting standards

31 december 2022

**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 2022

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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 2022.

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

In 2021, MISIS became a winner of the Priority 2030 strategic academic leadership programme in the Research Leadership category. According to the roadmap first-year implementation results, NUST MISIS demonstrated high performance and confirmed its position in the group of leaders – recipients of the subject-oriented part of the grant.

In June 2022, NUST MISIS became a winner in the competition to support programmes on developing advanced engineering schools – centres designated to prepare a new group of specialists in cooperation with high-tech industrial leaders. The NUST MISIS Advanced Engineering School of Materials Science, Additive and End-to-End Technologies was established with the direct involvement of the University's key partners: SC Rosatom, Metalloinvest, OMK,

Central Aerohydrodynamic Institute.

NUST MISIS places special emphasis on integrating science and education, applying a practice-oriented approach, and developing flexible skills. NUST MISIS constantly improves the quality of the learning process, transforms its educational programmes at all levels and creates new ones. In 2022, the University's income from educational services increased by RUB 232 million (+6%). NUST MISIS's income from non-budgetary sources has also increased in recent years. In 2022, such income increased by RUB 520 million and totalled RUB 4.3 billion.

Last year, MISIS completed 495 R&D contracts for its business partners. The University's aggregate income from R&D, technical consultations and intellectual property rights increased by RUB 330 million (+16%) and reached RUB 2.33 billion.

NUST MISIS has demonstrated a high level of financial stability despite the international situation. The University's net assets increased by RUB 67 million and totalled RUB 26.81 billion.

HR policy is an absolute priority for NUST MISIS. In the growing knowledge economy, the quality of intellectual resources comes to the fore. Global automation and robotics and the spread of high technologies reinforce the role of employee creativity and professional development.

According to Presidential Executive Order No. 597 of 7 May 2012 "On Measures To Implement the State Social Policy," the average salary of faculty members ought to be 200% of the average salary across the region. In 2022, the average salary of NUST MISIS faculty members equalled 254% – 290.6% of the average for across the regions. Staff payroll costs increased by 17% last year.

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

Alevtina Chernikova

Rector
NUST MISIS

A handwritten signature in blue ink, likely belonging to Alevtina Chernikova, the Rector of NUST MISIS. The signature is stylized and fluid.

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 1,134,473 thousand, while total cash at the end of the year was RUB 3,632,481 thousand.

According to the consolidated statement of financial performance, sales revenue amounted to RUB 9,234,983 thousand having increased by RUB 1,218,207 thousand due to higher revenue from educational activities, R&D and subsidies for the University's development.

The University's net assets in 2022 increased by RUB 67,194 thousand reaching RUB 26,811,608 thousand. Accumulated surplus increased by 18% and amounted to RUB 3,733,543 thousand. Current assets had a value of RUB 4,597,700 thousand, which mostly consisted of cash (79%) and financial investments from the Endowment Fund (9%).

The current liquidity ratio of 2.19 shows that the University has a high level of liquidity to serve its current liabilities (current assets exceed current liabilities by 119%). 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. Strategic Academic Leadership Programme

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

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

In 2022, the University received grants in the form of subsidies:

- a) core part of RUB 100 million – to increase the University's contribution to the social and economic development of Russian constituent territories and to carry out new creative, social and humanitarian projects;
- b) subject-oriented part of RUB 824.2 million – to develop universities providing breakthrough scientific research and creating research-intensive products and technologies, strengthening the R&D talent pool.

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

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

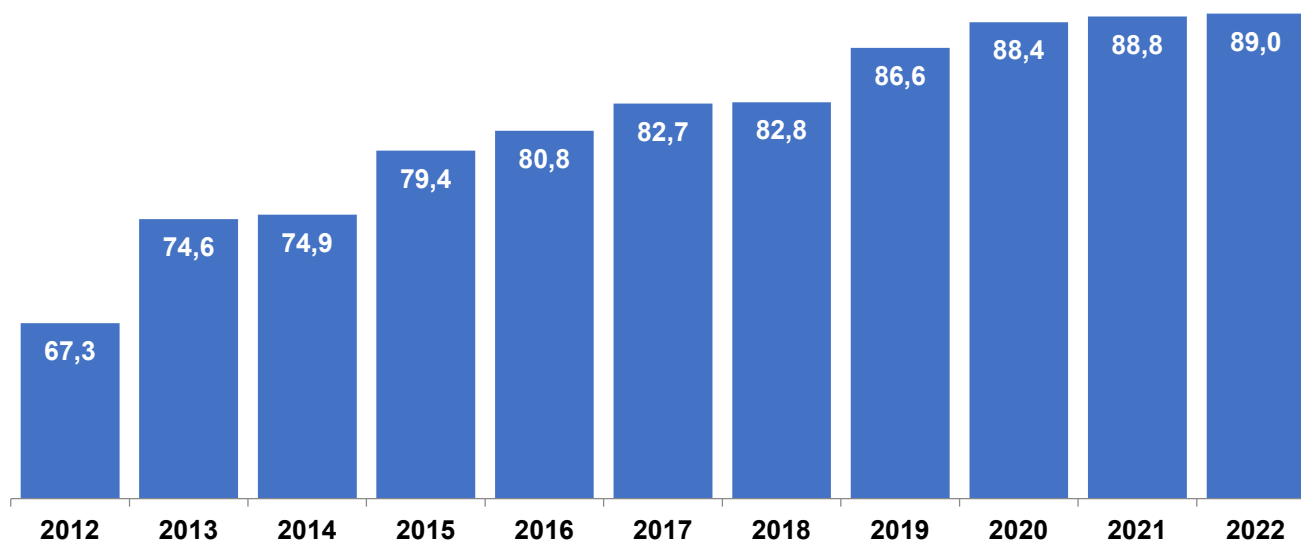
3. Educational Services

In 2022, the University had 25,065 students (14% higher compared to 2021), including 15,746 in the higher education programmes (+7% to the 2021 level), 1,584 in the secondary vocational education programmes, and 7,735 in the continuing vocational education programmes (compared to 5,755 in 2021 or +34%).

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

During the last three years (from 2020), education programmes implemented by NUST MISIS continue to attract better prepared and more determined matriculating applicants, which is proved by the applicants' average score of the Unified State Examination (USE). According to the results of the 2022 admission campaign, the MISIS applicants' average score was 89 for Moscow. Over the last 10 years, the average USE score increased by more than 21.7 points, and from 2020 it does not decline below 88.4 out of 100 possible.

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



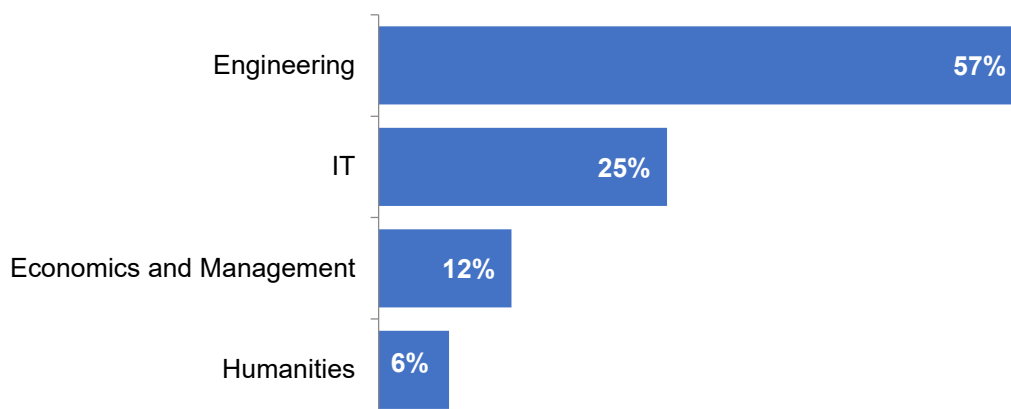
According to the results of the 2022 admission campaign, 1,185 students were enrolled to the first-year bachelor degree programme on a commercial basis, which is by 41% higher than in 2021. One of the growth factors is stimulating the programme of attracting talented applicants enrolled on a commercial basis. This programme helped the University to significantly increase the lower and upper limits of discounts for applicants with the USE score of 80 and higher (by 5 points) and maintain this discount for second-year and higher grades.

Figure 2. Main entrance to NUST MISIS



NUST MISIS actively promotes Russian higher education abroad. As a result, 14.4% of the University's students are international students from 85 countries. International students also study at the University's international branches in Tajikistan (Dushanbe) and Uzbekistan (Almalyk).

Figure 3. Student body by field of study, 2022, %.



In order to level up with the standardised costs set by the Russian Ministry of Science and Higher Education for public education services, the University increased the tuition fees for first-year students in 2022 from 4% to 8.5% depending on the education services market (in order to compete with the leading technical universities of Moscow), while the fees for second-year and higher grades followed the inflation rate set in the federal budget for 2022 (4%).

Revenues in 2022 from educational programmes yielded RUB 3,994,135 thousand, an increase of RUB 391,003 thousand from 2021.

4. Dormitories

The total floor space of the University's dormitories is 130,243.8 thousand sq.m. 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 10 dormitories in Moscow. They can house 6,462 students, which fully covers the University's demand. Dormitories at the University's branches can house up to 948 individuals.

For Russian government-supported students, the price of living in one of the NUST MISIS dormitories in Moscow varies from RUB 1,600 to RUB 2,470 per month, at the branches the dormitory fee varies from RUB 335 to RUB 959.61 per month. Low prices and comfortable conditions provide a distinct competitive advantage to our University.

Figure 4. The Dom Kommuna dormitory



Figure 5. The Metallurg dormitory



5. Financial Support of Students

Students receive financial support from the federal budget, the University's funds and the business community. In 2022, the total financial support provided to students equalled RUB 376,472.8 thousand, which is 4.2% higher than in 2021.

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 42,168.1 thousand in 2022, up 13.2% vs. 2021.

Figure 6.1. Russian Students Day, 2022. "The Student of the Year"

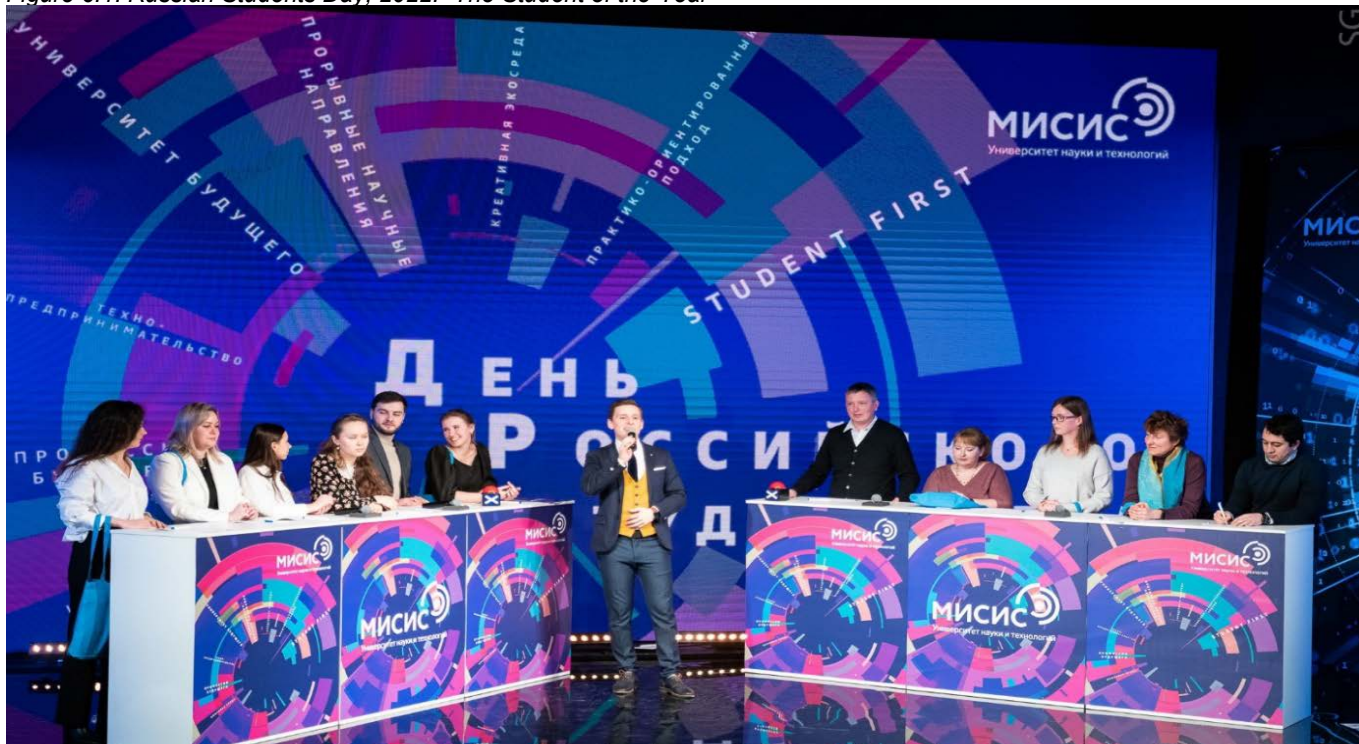


Figure 6.2. The World of MISIS Festival, 2022



Figure 6.3 Freshman Cup-2022



Figure 6.4. The Knowledge Day and "Immersion", 2022



6. Research and Development

The amount of funds from R&D activities and technical services was RUB 2,322,416 thousand. In addition, RUB 775,236.8 thousand was allocated to applied scientific and research work under the Priority 2030 strategic academic leadership programme.

The University received 25% of its income from R&D, ensuring its sustainable development as a multi-profile research centre. In 2022, the University's researchers published 1,458 articles that were included in the Scopus database. 796 articles were published in 1st and 2nd quartile journals included in Scopus (55% of total publications), of which 217 articles were ranked in top-10%.

In 2022, the College of New Materials and Nanotechnologies and the College of Environmentally Sound Technologies & Engineering were leading in terms of scientific research among the University's colleges.

7. Donations and Special Purpose Funding

Every year, the University receives support from individuals and legal entities in the form of donations and special purpose funding for research and academic projects. In 2022, the University received RUB 295,206 thousand including non-cash support of RUB 23,298.8 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 Endowment Fund are:

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

- Assistance 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 at the University;
- Support of NUST MISIS alumni activities;
- Grants and scholarships for undergraduate and post-graduate students of NUST MISIS;
- Development of communication tools for NUST MISIS alumni.

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

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

Table 1. Dynamics of key indicators of the Endowment Fund

Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022
Income/(loss) from trust management, in RUB thousand	1,800	22,000	2,900	6,060	25,600	14,388	72,637	9,267	(8,511)
Annual yield, %	4.7	18.5	2.5	5.1	10.8	2.74	11.9	2.0	(1.04)
Year-end market value of net assets, in RUB thousand	68,100	129,900	118,900	132,300	261,800	422,583	492,355	492,170	465,945

The provision for impairment of receivables of RUB 58,503 thousand is recorded in the consolidated financial statements for 2022. This amount includes assets of NUST MISIS Endowment Fund 1 and Endowment Fund 2 blocked due to sanctions imposed by foreign countries against certain financial institutions. The management company takes all measures available in the current situation to unblock these assets.

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

In 2022, the following University endeavours received financial support from the Endowment Fund in the amount of RUB 17,271 thousand:

- Scholarship and grant programmes including the A.D. Deineko scholarship by TMK (established by Pipe Metallurgical Company PJSC);
- The V.A. Arutyunov scholarship (established by Chairman of RUSNANO Management Board O.V. Kiselev);
- The E.F. Vegman scholarship by MetProm Group;
- the V. A. Grigoryan scholarship;
- The A.V. Varichev scholarship (established by Metalloinvest Group);
- "Best MIS&S. Creating the Future" scholarship programme;
- Contests – "Student of the Year", "Teacher of the Year" and "Employee of the Year".

Figure 7. Awarding of scholarship holders named after A.V. Varicheva



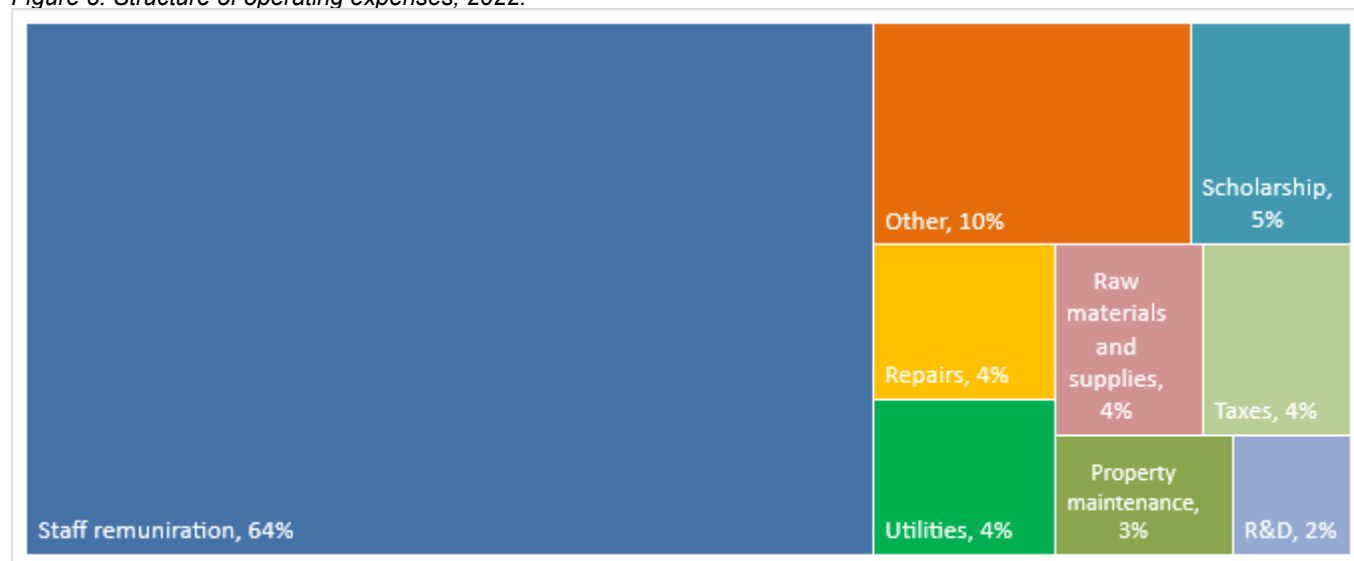
8. Operating Expenses

In 2022, the University's operating expenses increased by 12% to RUB 8,167,990 thousand. The major cost item is staff costs – 64%.

This line item has increased by 17% or RUB 796,986 thousand. Higher staff costs were also driven by Presidential Executive Order No. 597 of 7 May 2012 "On Measures to Implement the State Social Policy" and the instructions from Deputy Chairman of the Russian Government T.A. Golikova No. TG-P12-718 of 1 February 2019. The average monthly salary across all staff has risen by 21%, reaching RUB 158.4 thousand in Moscow, including salaries of RUB 205.2 thousand for the faculty.

The University's average headcount is 2,398.5 employees, including 605.1 employees at the University's branches.

Figure 8. Structure of operating expenses, 2022.



9. Investment Expenses

In 2022, the University spent RUB 1,042,946 thousand to create scientific labs and comfortable learning conditions and improve the campus territory, including:

- Capital repairs and maintenance and capital investments in construction of RUB 356,882 thousand;
- Training and scientific equipment of RUB 585,909 thousand;
- Office and network equipment, furniture of RUB 100,155 thousand.

The University completed renovation of premises, including:

- To build an ultralow temperature measurement cluster and a submicrometer technology complex for the Superconducting Metamaterials laboratory (head – professor A.V. Ustinov);
- For the Quantum Functional Materials laboratory (head – A.N. Vasiliev);
- For the Energy Global Challenges laboratory (head – V.V. Klimenko).

10. Management's Responsibility for the Consolidated Financial Statements

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

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

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

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



G. V. Timokhova

Chief Financial Officer



S. L. Kalinina

Chief Accountant

Independent Auditor’s Report

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Federal State Autonomous Educational Institution of Higher Education “The National University of Science and Technology “MISIS” and its subsidiary (together – the “Group”) as at 31 December 2022, and the Group’s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of financial performance for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

8 June 2023

Moscow, Russian Federation

V.V. Solovyev is authorised to sign on behalf of the general director of Joint-Stock Company “Technologies of Trust – Audit” (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906105041)

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

	Notes	31 December 2022	31 December 2021
Assets			
Current assets			
Cash and cash equivalents	7	3,632,481	3,276,486
Investments in shares and bonds	9	408,052	485,281
Receivables and prepayments	8	485,860	318,477
Taxes and charges overpaid		11,979	18,041
Other assets	10	59,328	13,197
Total current assets		4,597,700	4,111,482
Non-current assets			
Property, plant and equipment	11	24,097,751	24,034,283
Intangible assets	12	145,121	162,975
Investments in associates		13,465	17,502
Deferred tax assets		21,028	10,213
Advances issued for construction and acquisition of property, plant and equipment		39,412	-
Total non-current assets		24,316,777	24,224,973
TOTAL ASSETS		28,914,477	28,336,455
Liabilities			
Current liabilities			
Trade and other payables	13	507,284	485,390
Advances received for exchange transactions	16	745,721	474,836
Advances received for non-exchange transactions	15	443,484	444,477
Provisions for future expenses and payments	17	175,839	4,937
Taxation	14	101,661	108,514
Income tax settlements with the budget		70,346	60,583
Other liabilities		58,534	13,304
Total liabilities		2,102,869	1,592,041
Net assets			
Settlements with founder	18	22,710,994	23,184,871
Accumulated surplus		3,733,543	3,163,187
Endowment Fund		367,071	396,356
Total net assets		26,811,608	26,744,414
TOTAL NET ASSETS AND LIABILITIES		28,914,477	28,336,455

Approved for issue and signed on 8 June 2023.



A.A. Chernikova
Rector



G. V. Timokhova
Chief Financial Officer



S. L. Kalinina
Chief Accountant



The accompanying notes on pages 6 to 48 are an integral part of these consolidated financial statements.

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

	Notes	2022	2021
Revenue			
Educational services	19	3,910,086	3,678,342
Research and development services	20	1,700,606	1,430,517
Subsidies for the development of the University	21	1,008,002	509,011
Grants from research foundations	23	637,934	577,552
Other services		521,680	357,973
Lease and compensation of utilities costs		416,816	384,175
Subsidies for public interest events		416,378	309,492
Subsidies and donations for scholarships	22	353,202	336,545
Donations for statutory activity		256,362	124,775
Other revenue from transactions with assets		13,917	21,849
Subsidies for paying legally effective court-awarded expenses and writs of executions	17	-	286,545
Total inflows (income)		9,234,983	8,016,776
Expenses			
Salaries, compensation under civil contracts and charges for said payments	24	(5,243,582)	(4,477,486)
Outsourced services	25	(1,784,778)	(1,540,584)
Depreciation and amortisation	12,11	(757,753)	(763,281)
Scholarships and transfers	22	(395,683)	(363,587)
Cost of raw materials and consumables used		(361,330)	(231,044)
Accrual of provision for legal claims	17	(170,902)	(2,299)
Other expenses	26	(108,215)	(123,944)
Taxes and duties	27	(97,888)	(147,109)
Accrual of impairment provision for receivables		(59,824)	(51,458)
Total expenses		(8,979,955)	(7,700,792)
Gain / loss on foreign exchange transactions		(69,446)	(1,215)
Participation in the results of associates and joint arrangements		(4,129)	(34,787)
Surplus/(deficit) for the period before taxes		181,453	279,982
Income tax	28	(102,245)	(62,366)
Surplus/(deficit) for the period		79,208	217,616

The accompanying notes on pages 6 to 48 are an integral part of these consolidated financial statements.

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

	Notes	Settlements with founder	Accumulated surplus	Endowme nt Fund	Total net assets
Balance at 1 January 2021		23,360,996	2,715,795	425,704	26,502,495
Surplus for the period		-	217,616	-	217,616
Depreciation of property, plant and equipment under operational management	18	(454,237)	454,237	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	278,112	(278,112)	-	-
Contributions to Endowment Fund	9	-	-	35,483	35,483
Revaluation of shares and bonds	9	-	-	(11,180)	(11,180)
Revaluation of bonds – write-off of current period's deficit	9	-	12,535	(12,535)	-
Use of Endowment Fund			41,116	(41,116)	
Balance at 31 December 2021		23,184,871	3,163,187	396,356	26,744,414
Surplus for the period		-	79,208	-	79,208
Depreciation of property, plant and equipment under operational management	18	(516,104)	516,104	-	-
Additions to property, plant and equipment (real estate and highly valuable assets)	18	100,632	(100,632)	-	-
Disposal of property, plant and equipment	18	(58,405)	58,405	-	-
Contributions to Endowment Fund	9	-	-	2,015	2,015
Revaluation of shares and bonds	9	-	-	(14,029)	(14,029)
Revaluation of bonds – write-off of current period's deficit		-	-	-	-
Use of Endowment Fund		-	17,271	(17,271)	-
Balance at 31 December 2022		22,710,994	3,733,543	367,071	26,811,608

The accompanying notes on pages 6 to 48 are an integral part of these consolidated financial statements.

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

	Notes	2022	2021
Cash flows from operating activities			
Tuition fees		3,994,135	3,603,132
Payments for research and development services		1,754,276	1,419,930
Received subsidies for the development of the University		1,185,812	288,746
Received grants from research foundations		568,140	581,818
Rental revenue and compensation of utilities costs		472,720	431,063
Payment for public interest events		414,991	309,492
Subsidies and donations for scholarships		351,235	293,462
Donations for statutory activity		85,456	177,300
Payment for other services and other revenue		475,698	359,305
<i>including interest income</i>		<i>187,886</i>	<i>122,824</i>
Other revenue from non-exchange transactions		-	286,545
Total cash flows from operating activities		9,302,463	7,750,793
Salaries, compensation under civil contracts and charges for said payments		(5,246,295)	(4,449,309)
Third party services paid		(1,862,441)	(1,568,394)
Scholarships and transfers paid		(374,174)	(341,121)
Raw materials and supplies paid		(320,322)	(210,289)
Taxes and levies paid		(256,305)	(241,010)
Income tax paid		(103,297)	(125,005)
Other expenses paid		(2,734)	(66,995)
Payments of court-awarded expenses, writs of execution		(2,422)	(286,545)
Total cash flows from operating activities		(8,167,990)	(7,288,668)
Net cash from operating activities		1,134,473	462,125
Purchases of property, plant and equipment		(724,636)	(513,171)
Acquisition of investments held for sale	9	(709,003)	(600,856)
Acquisition of intangible assets		(4,116)	(1,304)
Proceeds from the sale of available-for-sale investments	9	728,384	617,960
Dividend income received		238	94
Net cash flows used in investing activities		(709,133)	(497,277)
Cash flows from financing activities			
Receipt of targeted contributions to Endowment Fund		2,409	34,847
Net cash flows from financing activities		2,409	34,847
Effect of exchange rate changes on cash and cash equivalents		(71,754)	(5,346)
Cash and cash equivalents at the beginning of the year	7	3,276,486	3,282,137
Net change in cash		355,995	(5,651)
Cash and cash equivalents at the end of the year	7	3,632,481	3,276,486

The accompanying notes on pages 6 to 48 are an integral part of these consolidated financial statements.

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

	Budget			Performance difference
	Initial	Final	Actual amounts	
REVENUE				
Revenue from property	389,327	599,666	600,357	(691)
Revenue from fee-based services	2,960,140	3,020,040	2,985,292	34,748
Subsidies for fulfilment of public engagement	2,766,789	3,283,240	3,283,240	-
Gratuitous cash receipts	2,110,126	2,421,357	2,416,835	4,522
Revenue from interest, penalties and other enforced collections	1,500	4,405	4,332	73
Gains on transactions with assets	-	11,324	17,453	(6,129)
Other income	4,553	55,354	54,184	1,170
Total income	8,232,435	9,395,386	9,361,693	33,693
EXPENSES				
Salaries, compensation under civil contracts and charges for said payments	(5,058,928)	(5,206,821)	(5,164,931)	(41,890)
Purchases of services including:	(1,842,204)	(2,002,444)	(1,951,374)	(51,070)
Capital repair expenditures	(150,837)	(107,220)	(100,685)	(6,535)
Maintenance services	(592,417)	(447,000)	(435,307)	(11,693)
Utilities	(338,141)	(345,902)	(343,238)	(2,664)
Telecommunication services	(20,752)	(16,798)	(16,492)	(306)
Rent paid	(4,117)	(3,612)	(3,373)	(239)
Transportation services	(5,205)	(2,224)	(1,693)	(531)
Other work and services	(730,735)	(1,079,688)	(1,050,586)	(29,102)
Acquisition of non-financial assets including:	(729,816)	(1,078,648)	(1,049,098)	(29,550)
Property, plant and equipment	(477,946)	(732,443)	(715,646)	(16,797)
Intangible assets	(5,549)	(4,140)	(4,140)	-
Inventories	(246,321)	(342,065)	(329,312)	(12,753)
Social security	(382,502)	(348,136)	(345,588)	(2,548)
Other expenses	(311,320)	(450,660)	(422,953)	(27,707)
Total expenditure	(8,324,770)	(9,086,709)	(8,933,944)	(152,765)
Effect of exchange rate changes on cash and cash equivalents	-	-	(71,754)	71,754
NET PAYMENTS	(92,335)	308,677	355,995	(47,318)

The accompanying notes on pages 6 to 48 are an integral part of these consolidated financial statements.

1. General Information

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

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

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

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

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

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

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

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

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

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

1. General Information (Continued)

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

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

As at 31 December 2022 and 31 December 2021, 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 at NUST MISIS are:

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

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

NUST MISIS has investments in associates with interest between 20% and 50%. As at 31 December 2022, the University had 20 associates (31 December 2021: 23 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.

1. General Information (Continued)

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

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

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

2. Operating Environment of the University

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

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

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

In 2022, ongoing geopolitical tension significantly escalated as a result of further developments of the situation with Ukraine which has been deteriorating since February 2022 and remains highly unstable. The escalation of the geopolitical situation led to a sharp increase in foreign exchange rates compared to 2021 year-end exchange rates, an increase in the key rate of the Bank of Russia, which subsequently reduced, an increase in oil and gas prices and to a decline in the Russian equity market. There is increased volatility in the financial and commodity markets. Sanctions and restrictions for multiple Russian entities, including removing access to the Euro and USD markets, the international SWIFT system, and many other, have been imposed and continue being introduced. A number of multinational groups suspended or terminated their business activity in the Russian Federation. In December 2022, the EU and some non-EU states introduced the price cap for Russian crude oil. The price cap has been set at USD 60 per barrel and will be subsequently reviewed regularly. In addition, in December 2022, the EU imposed embargo on maritime transport of Russian crude oil. In February 2023, a price ceiling for Russian gas supplies and embargo for Russian oil products were introduced. There is an expectation of further sanctions and limitations on business activity affecting companies operating in the Russian Federation, as well as further negative consequences for the Russian economy in general, but the full extent and scale of possible effects of these are unknown. It is not possible to determine how long this increased volatility will last or at what level the above financial indicators will eventually level out.

2. Operating Environment of the University (Continued)

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

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

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

Priority 2030 development programme

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

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

The University received grants in the form of subsidies:

- a) core part – to increase the University's contribution to the social and economic development of Russian constituent territories and to carry out new creative, social and humanitarian projects (RUB 100 million for 2022);
- b) subject-oriented part – to develop universities providing breakthrough scientific research and creating research-intensive products and technologies, strengthening the R&D talent pool (RUB 824.2 million for 2022).

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

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

2. Operating Environment of the University (Continued)

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

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

In 2022, RUB 26.7 million was allocated to the "Digital Department" project.

NUST MISIS in rankings:

In 2022, the University improved its positions in a wide range of global institutional and subject ratings.

NUST MISIS went up by 20 positions (from 487 to 467) in the QS global institutional rating.

In the QS Engineering & Technology industry rating, being key for NUST MISIS, the University got 16 steps up (from 285 to 269). In the QS Natural Sciences industry rating the University also moved up by 16 positions (from 311 to 295).

In the QS Mining subject rating the University went up in 2022 at an all-time high – 14 steps up (from 42 to 28). In the Materials Science subject rating it got 50 steps up (moving from "151-200" range to "101-150"). In the Electric Power and Electric Engineering subject rating MISIS moved up by 50 positions (from "451-500" range to "401-450").

The University retained its positions in the following subject ratings: Engineering in Oil Production ("51-100" range), Machine-Building, Aerospace and Industrial Engineering ("201-250" range), Physics and Astronomy ("251-300" range) and Chemistry ("401-450" range).

In the Times Higher Education global rating NUST MISIS retained its positions both in the institutional rating (within "601-800" range) and in the subject rating – Physics ("401-500" range) and Engineering Sciences ("501-600" range).

The University significantly improved its positions in the U.S. News ratings. Thus, in materials science the University went up by 8 positions, ranking 139th in the world, in physics – by 65 positions (317th) and in physical chemistry – by 14 positions (261st). In addition, in 2022 NUST MISIS appeared in the new U.S. News rating by subject in nanotechnologies, ranking 246th.

The University improved its positions in certain leading Russian ratings: in Interfax rating the University moved from "8-9" to "5-6" position. In Expert AC rating by invention activities of Russian universities NUST MISIS moved from "3-4" to "2-3" position.

In the key global rating of Russian universities (Three Missions of the University) NUST MISIS was ranked 297th in the world and was included in top-300 best universities of the world. NUST MISIS was ranked 13th among Russian universities. MISIS improved its position as compared to last year when it was within "301-350" range.

In 2022, NUST MISIS also appeared in eight RAEX subject ratings (first prepared in 2022). The University ranked first in Russia by materials technology and was included in top-5 by geology (4th), oil and gas (4th), machine-building and robotics (5th). In addition, MISIS was ranked 10th in Russia by physics, 14th by mathematics and 16th by management.

Finally, in 2022 MISIS was included in an all-time high number of Expert AC ratings by publishing activity – 17. In addition, the University ranked first in Russia by materials science and metallurgy (2021: 1st), 1st-2nd by chemistry (2021: 8th), 1st-3rd by chemical technologies (2021: 1st-2nd), 4th by fuel (2021: 4th-5th), 5th-7th by energy (2021: 9th-11th), 6th-7th by engineering sciences (2021: 7th), 7th-8th by renewable energy (2021: 7th-8th) and 8th by physics (2021: 8th-9th).

3. Summary of Significant Accounting Policies

3.1. Basis of preparation

These consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IPSAS. Where there were no specific requirements in IPSAS, we applied IFRS.

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

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

3.2. Associates

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

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

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

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

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

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

3.3. Cash and cash equivalents

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

3. Summary of Significant Accounting Policies (Continued)

3.4. Financial assets

3.4.1. Initial recognition and measurement

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

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

3.4.2. 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' receivables include:

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

Available-for-sale investments. Available-for-sale investments include investments of the Endowment Fund in quoted shares and bonds and are recorded in the line item "Investments in shares and bonds of the 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 the 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 the Endowment Fund's cash balance in the consolidated statement of changes in net assets until investment is derecognised or impaired, when the amount of accumulated profit or loss is transferred from the Endowment Fund to surplus or deficit for the year.

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

3. Summary of Significant Accounting Policies (Continued)

3.4. Financial assets (continued)

3.4.2. Subsequent measurement (continued)

Impairment losses on equity instruments are not reversed and any subsequent gains are recognised within the funds of the Endowment Fund in the consolidated 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).

3.4.3. Impairment of financial assets

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

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

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

Impairment of financial assets carried at amortised cost

As for financial assets carried at amortised cost, NUST MISIS initially assesses on an individual basis whether there is objective evidence of impairment of those financial assets that are significant. Those financial assets which are not significant are assessed collectively.

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

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

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;

3. Summary of Significant Accounting Policies (Continued)

3.4. Financial assets (continued)

3.4.4. Derecognition of financial assets

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

3.5. Financial liabilities

3.5.1. Initial recognition and measurement

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

3.5.2. Subsequent measurement

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

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

NUST MISIS' payables include:

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

3.5.3. Derecognition

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

3.6. Offsetting financial instruments

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

3.7. Inventories

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

3. Summary of Significant Accounting Policies (Continued)

3.8. Property, plant and equipment

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

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

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.

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

3. Summary of Significant Accounting Policies (Continued)

3.8. Property, plant and equipment (continued)

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

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

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

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

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

3.10. Intangible assets

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

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

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.10. Intangible assets (continued)

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

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

3.11. Construction in progress

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

3.12. Impairment of non-financial assets

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

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

3. Summary of Significant Accounting Policies (Continued)

3.12. Impairment of non-financial assets (continued)

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

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

The fair value less costs to sell is determined based on the asset's price set in the binding sale agreement between independent, informed and willing parties, adjusted for additional costs directly attributable to the disposal of the asset. If the bidding sale agreement is not in place, but the asset is traded in 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.

3.13. Provisions

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

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.

3. Summary of Significant Accounting Policies (Continued)

3.13. Provisions (continued)

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

3.14. Revenue from non-exchange transactions

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

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

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

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

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

3. Summary of Significant Accounting Policies (Continued)

3.14. Revenue from non-exchange transactions (continued)

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

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

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

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

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

3.15. Revenue from exchange transactions

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

3. Summary of Significant Accounting Policies (Continued)

3.15. Revenue from exchange transactions (continued)

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.

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.

3. Summary of Significant Accounting Policies (Continued)

3.15. Revenue from exchange transactions (continued)

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

3.16. Employee benefits

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

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

3.17. Related parties

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

Related parties include:

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

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.

3. Summary of Significant Accounting Policies (Continued)

3.17. Related parties (continued)

As at 31 December 2022 and 31 December 2021, the University's related parties disclosed in Note 31 included:

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

3.18. Income tax

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

These requirements are met by NUST MISIS during the reporting period. Income tax for 2022 and 2021 was accrued on income from fee-based educational, research and other services.

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

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

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

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

Given that the larger part of the University's income and expenses is not included in income tax calculations, the tax base is determined for the assets and liabilities used in taxable activities. If any assets or liabilities are used both in taxable and tax-exempt activities, its tax base approximates the carrying amount shown in the 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)

3.19. Value added tax

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

3.20. Segment reporting

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

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

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

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

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

NUST MISIS Financial and Business Plan (hereinafter, the "Budget") is developed using the cash method, based on principles other than IPSAS. The consolidated financial statements of NUST MISIS are prepared using the accrual method and the classification based on the nature of expenses presented in the consolidated statement of financial performance. The approved budget covers the financial period between 1 January 2022 and 31 December 2022 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.

4. New Accounting Pronouncements

Several new standards and interpretations published in 2022 are mandatory for annual periods beginning on or after 1 January 2023:

- Amendment to IPSAS 22 "Disclosure of Financial Information about the General Government Sector" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 39 "Employee Benefits" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to Recommended Practice Guideline 1 "Reporting on the Long-Term Sustainability of an Entity's Finances" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 30 "Financial Instruments: Disclosures" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 33 "First-Time Adoption of IPSASs" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 41 "Financial Instruments" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 19 "Provisions, Contingent Liabilities and Contingent Assets" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023);
- Amendment to IPSAS 17 "Property, Plant and Equipment" (issued on 24 January 2022 and effective for annual periods beginning on 1 January 2023).

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

Deferral of effective dates due to COVID-19

In November 2020, the IPSAS Board approved "COVID-19: Deferral of Effective Dates" that becomes effective immediately upon approval. It delays the effective dates by one year to 1 January 2023 of the following standards and amendments: 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".

The IPSAS Board approved a new standard on leases

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

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

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

4. New Accounting Pronouncements (Continued)

IPSAS 43 supersedes IPSAS 13 and is effective for financial statements for periods beginning on or after 1 January 2025. Earlier adoption concurrent with the adoption of IPSAS 41 "Financial Instruments" is encouraged.

The IPSAS Board approved a new standard "Non-current Assets Held for Sale and Discontinued Operations"

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

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

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

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

Improvements to IPSAS

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

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

IPSASB publications for public discussion

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

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

Exposure Draft (ED) 81 "Proposed Updates to Conceptual Framework: Part 3, Qualitative Characteristics, Part 5, Elements". On 1 February 2022, the IPSASB released exposure draft 81 "Proposed Updated to Conceptual Framework: Part 3, Qualitative Characteristics, Part 5, Elements". Comments from stakeholders are expected by 31 May 2022.

4. New Accounting Pronouncements (Continued)

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

The ED 81 proposals include:

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

5. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Going concern. Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered NUST MISIS' 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 51 million (2021: RUB 52 million). If the useful lives of the University's assets decrease by one year, depreciation charges will increase by RUB 68 million (2021: RUB 67 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.

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

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

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

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

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

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

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

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

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

6. Segment Information

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

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

6. Segment Information (Continued)

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

Deferred tax assets are recognised within other segments.

<i>Income by segment</i>	Moscow	Sary Oskol	Other	Total
2022	8,083,703	471,224	680,056	9,234,983
2021	7,120,008	396,250	500,518	8,016,776
<i>Expenses by segment</i>	Moscow	Sary Oskol	Other	Total
2022	8,139,766	449,745	566,264	9,155,775
2021	6,792,555	401,521	605,084	7,799,160
<i>Segment surplus/(deficit)</i>	Moscow	Sary Oskol	Other	Total
2022	(56,063)	21,478	113,793	79,208
2021	327,454	(5,271)	(104,567)	217,616

Capital expenditure including proceeds from the founder

	Moscow	Sary Oskol	Other	Total
2022	754,117	24,921	132,946	911,984
2021	462,177	19,257	27,831	509,265

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

<i>Segment assets and liabilities</i> 31 December 2022	Moscow	Sary Oskol	Other	Total
Non-current assets	22,384,952	1,274,430	657,395	24,316,777
Current assets	3,981,822	67,553	548,325	4,597,700
Total assets	26,366,774	1,341,983	1,205,720	28,914,477
Current liabilities	1,224,096	460,338	418,435	2,102,869
Total net assets	25,142,678	881,645	787,285	26,811,608
31 December 2021	Moscow	Sary Oskol	Other	Total
Non-current assets	22,379,432	1,287,425	558,116	24,224,973
Current assets	3,440,209	77,003	594,270	4,111,482
Total assets	25,819,641	1,364,428	1,152,386	28,336,455
Current liabilities	1,091,760	297,145	203,136	1,592,041
Total net assets	24,727,881	1,067,283	949,250	26,744,414

7. Cash and Cash Equivalents

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

	31 December 2022	31 December 2021
Settlement accounts	3,306,150	2,870,118
Current accounts in the Russian Federal Treasury	325,883	405,738
Cash on hand	448	630
Total cash and cash equivalents	3,632,481	3,276,486

At 31 December 2022 and 31 December 2021, there was no cash in deposit accounts.

Cash and cash equivalents are placed in the following currencies:

	31 December 2022	31 December 2021
Russian Rouble	3,066,175	2,655,093
Chinese Yuan	521,132	-
US Dollar	4,338	508,035
Euro	-	82,192
Other currencies	40,836	31,166
Total cash and cash equivalents	3,632,481	3,276,486

The table below discloses the credit quality of cash and cash equivalents analysed based on Russian rating agencies ACRA and Expert RA ratings at 31 December 2022 and 31 December 2021. Fitch and Moody's ratings are provided only for financial organisations outside the Russian Federation:

	31 December 2022		31 December 2021	
	Bank balances payable on demand	Balances on accounts with the Treasury	Bank balances payable on demand	Balances on accounts with the Treasury
<i>ACRA ratings</i>				
AAA(RU)	2,346,606	-	485,355	-
<i>Expert RA rating</i>				
ruAAA	29,255	-	-	-
ruAA+	888,095	-	2,350,473	-
Fitch BB-	19,360	-	-	-
Moody's B3	22,834	-	12,296	-
Fitch BBB	-	-	-	405,738
Unrated	-	325,883	3,144	-
Total	3,306,150	325,883	2,870,118	405,738

Fitch and Moody's ratings are provided only for financial organisations outside the Russian Federation.

As for cash on current accounts with the Treasury, Fitch assigned long-term Issuer Default Rating (BBB-) to the Russian Federation at 31 December 2021. On 25 March 2022, Fitch International Rating Agency withdrew the sovereign rating of Russia due to sanctions imposed by the European Union. Therefore, the corresponding amount is presented in the "unrated" category at 31 December 2022.

8. Receivables and Prepayments

	31 December 2022	31 December 2021
Trade receivables, including	448,462	292,759
Receivables from exchange transactions	448,462	292,759
Other financial receivables	63,482	7,469
Provision for impairment of receivables	(105,141)	(51,063)
Total financial receivables	406,803	249,165
Advances to suppliers and contractors	79,055	69,304
Salary advances	-	1
Other	2	7
Total non-financial receivables	79,057	69,312
Total receivables and prepayments	485,860	318,477

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

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

	31 December 2022		31 December 2021	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
<i>Neither past due nor impaired:</i>				
- Government			561	-
- Commercial entities and individuals	401,825	63,482	241,135	7,469
Total neither past due nor impaired	401,825	63,482	241,696	7,469
<i>Individually impaired</i>				
- over 360 days overdue	46,637	-	51,063	-
Total individually determined to be impaired	46,637	-	51,063	-
Less impairment provision	(46,637)	(58,504)	(51,063)	-
Total	401,825	4,978	241,696	7,469

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

	2022	2021
Carrying amount at 1 January	51,063	4,563
Increase in provision charged to income or expenses	59,671	48,996
Utilisation of provision	(1)	(289)
Release of provision	(5,592)	(2,207)
Carrying amount at 31 December	105,141	51,063

9. Investments in Shares and Bonds

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

	31 December 2022	31 December 2021
Russian government bonds	59,354	106,754
Municipal bonds	4,919	6,425
Corporate bonds	311,477	365,430
Total bonds	375,750	478,609
Shares	32,302	6,672
Total financial assets available for sale	408,052	485,281

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

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

On 25 March 2022, Fitch International Rating Agency withdrew all credit ratings of Russian issuers. At 31 December 2021, the issuers' ratings are presented based on Fitch ratings.

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

9. Investments in Shares and Bonds (Continued)

Movements in the carrying amount of bonds were as follows:

	2022	2021
Carrying amount at 1 January	478,609	470,628
Losses less loss from fair value revaluation	(17,713)	(23,716)
Accrued interest income	29,018	22,582
Received interest income	(28,089)	(22,621)
Purchases	281,654	324,709
Sale	(256,995)	(276,710)
Repayment	(100,398)	(16,488)
Foreign exchange differences on debt securities	(10,336)	225
Carrying amount at 31 December	375,750	478,609

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

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

10. Other Assets and Liabilities

Included in other assets and liabilities is cash received as security for procurement tenders (auctions) from the participants, and also as security for the performance of contracts signed as a result of competitive procurement tenders. The cash is temporarily at the University's disposal and should be refunded to the tender participants as follows: security for procurement tenders (auctions) – upon completion of the tender process, and performance security for the contracts signed – upon the fulfilment of contractual obligations. At 31 December 2022, NUST MISIS had RUB 58,254 thousand at its temporary disposal (31 December 2021: RUB 12,960 thousand).

11. Property, Plant and Equipment

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

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

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

11. Property, Plant and Equipment (Continued)

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

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

11. Property, Plant and Equipment (Continued)

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

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

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

At 31 December 2022, this facility is recognised within construction in progress in the amount of RUB 347,218 thousand (31 December 2021: RUB 326,294 thousand).

In 2022, there were no significant additions in construction in process.

Free use of property. As at 31 December 2022 and 31 December 2021, the University received some property, plant and equipment with the total area of 33,129 square meters for free use (including 24,208 sq.m non-residential buildings, 4,795 sq.m land plots and 4,126 sq.m residential buildings). The property, plant and equipment received for free use are used to provide higher, secondary and additional education programmes.

As at 31 December 2022, NUST MISIS provided Main State Center for Education Evaluation and Pirogov Clinical Hospital No. 1 with non-residential premises of 663 sq.m and 108 sq.m respectively, for free use (31 December 2021: 663 sq.m).

12. Intangible Assets

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

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

12. Intangible Assets (Continued)

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

12. Intangible Assets (Continued)

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

Intangible asset groups are represented by:

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

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

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

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

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

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

R&D in progress. As at 31 December 2022, R&D in progress mostly represents the capitalised cost of development and international registration of patents, know-how and software in the amount of RUB 1,549 thousand (31 December 2021: RUB 11,842 thousand).

13. Trade and Other Payables

	31 December 2022	31 December 2021
Trade payables	183,651	208,195
Other payables	276	27
Total financial payables	183,927	208,222
Salaries payable	323,357	277,168
Total non-financial payables	323,357	277,168
Total payables	507,284	485,390

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 315,536 thousand and RUB 275,156 thousand as at 31 December 2022 and 31 December 2021, respectively.

14. Taxation

	31 December 2022	31 December 2021
Value-added tax	25,315	37,072
Property tax and land tax	5,128	1,733
Other tax settlements	71,218	69,709
Total taxation	101,661	108,514

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 68,724 thousand and RUB 69,706 thousand at 31 December 2022 and 31 December 2021, respectively.

15. Advances Received for Non-Exchange Transactions

	31 December 2022	31 December 2021
Advances received for non-exchange transactions		
Grants for scientific research from RSF and RFBR	155,664	88,892
Grant to support National Technological Initiative Center for Quantum Communications	83,661	177,391
Subsidies for the development of the University	80,033	-
Advance from research centre STIFTUNG DEUTSCHES ELEKTRONEN-SYNCHROTRON	71,476	80,973
Donations for statutory activity	52,650	97,221
Total advances received from non-exchange transactions	443,484	444,477

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 2022	31 December 2021
Advances received for exchange transactions		
Advances received on income from fee-based work and services	736,051	467,378
Advances received on gains generated by property	5,507	6,764
Advances received on other income	4,163	694
Total advances received for exchange transactions	745,721	474,836

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:

	2022	2021
Carrying amount at 1 January	4,937	321,176
Increase/ (decrease) in provisions	170,902	(316,239)
Carrying amount at 31 December	175,839	4,937

17. Provisions for Liabilities and Charges (Continued)

In 2022, provisions for liabilities and charges increased by the amount of potential loss for the University associated with the litigation in the Moscow Arbitrazh Court on the case to collect cash compensation for the value of property transferred to PAO Moscow United Energy Company in the amount of RUB 170,090 thousand.

At 31 December 2020, provisions for liabilities and charges 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 MSMU before the merger with the University. After the hearing held on this case on 9 April 2021 the Moscow Arbitrazh Court ruled to charge RUB 286,545 thousand from the University to the benefit of OOO Realtservice (including interest for using third-party cash).

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

The Ninth Arbitrazh Appellate Court's ruling of 9 July 2021 stated that the University must pay OOO Realtservice RUB 235,073 thousand for unjust enrichment and RUB 51,472 thousand in interest, the rest of the claim was declined. The Moscow Arbitrazh Court upheld the ruling of the first instance court and that of the appellate court with its resolution of 28 September 2021. The RF Supreme Court Ruling refused to refer the cassation appeal of OOO Realtservice for consideration by the judicial board for economic disputes at the RF Supreme Court.

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

18. Balances and Transactions with the Founder

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

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

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

18. Balances and Transactions with the Founder (Continued)

	For the year ended 31 December 2022	For the year ended 31 December 2021
Initial value		
At the beginning of the period	27,981,260	27,706,385
Additions to property, plant and equipment	100,632	278,112
Disposals	(101,169)	(3,237)
At the end of the period	27,980,723	27,981,260
	For year ended 31 December 2022	For year ended 31 December 2021
Depreciation		
At the beginning of the period	(4,796,389)	(4,345,389)
Accruals	(516,104)	(454,237)
Disposal of depreciation	42,764	3,237
At the end of the period	(5,269,729)	(4,796,389)
Carrying value		
At the beginning of the period	23,184,871	23,360,996
At the end of the period	22,710,994	23,184,871

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

	For year ended 31 December 2022	For year ended 31 December 2021
Highly valuable moveable property including:		
Machinery and equipment	72,931	74,878
Construction in progress (Note 17)	72,931	74,778
Buildings	-	286,545
Land plots	27,701	10,606
Adjustment*	-	283
	-	(94,200)
Total additions to property, plant and equipment	100,632	278,112

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

19. Revenue from Educational Services

	2022	2021
Educational services provided as part of the public engagement	2,636,086	2,511,848
Fee-based educational services	1,274,000	1,166,494
Total revenue from educational services	3,910,086	3,678,342

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

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

20. Revenue from Research and Development Work

	2022	2021
Research and development work under commercial contracts	1,148,487	1,109,894
R&D work under public engagement	209,045	191,625
Scientific and technical services	135,755	-
R&D work under Federal Special Purpose Programmes	99,840	20,255
Support to young and leading scientists	55,389	62,798
Grants for development of scientific and technology projects	49,190	42,968
Grants to leading schools of sciences	2,900	2,977
Total revenue from research and development work	1,700,606	1,430,517

21. Subsidies for the Development of the University

	2022	2021
Subsidies under Strategic Academic Leadership Programme	866,168	270,302
Subsidies for the development of the University's property	97,709	238,709
Subsidies under the programme on developing advanced engineering schools	44,125	-
Total subsidies for the development of the University	1,008,002	509,011

22. Subsidies and Donations for Scholarships

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

	2022	2021
Student scholarships	329,951	310,157
Individual scholarships	23,251	26,388
Total subsidies and donations for scholarships	353,202	336,545

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

	2022	2021
Student scholarships	(356,141)	(333,987)
Social support allowances	(39,542)	(29,600)
Total scholarships and transfers	(395,683)	(363,587)

23. Grants from Research Foundations

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

	2022	2021
Grants from RSF	401,503	332,365
Grants to support National Technological Initiative Center for Quantum Communications	223,729	220,576
Grants for scientific research from RFBR	12,702	24,611
Total grants from research foundations	637,934	577,552

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

	2022	2021
Salaries	(4,127,070)	(3,503,445)
Social security contributions accrued	(1,057,033)	(929,747)
Compensation under civil contracts	(59,479)	(44,285)
Other payments	-	(9)
Total salaries, compensation under civil contracts and charges for said payments	(5,243,582)	(4,477,486)

25. Outsourced Services

	2022	2021
Utilities	(322,606)	(318,607)
Conducting events, workshops, conferences	(289,032)	(154,000)
Repair work	(286,717)	(260,781)
Research and development services	(178,312)	(161,961)
Maintenance of premises	(139,598)	(121,958)
Technical maintenance of equipment and utility systems	(120,544)	(92,454)
Information and consulting services	(110,838)	(77,768)
Security, cash collection services	(104,615)	(95,421)
Software maintenance, fine-tuning and acquisition	(71,615)	(67,456)
Bank services	(16,601)	(16,084)
Telecommunications	(16,053)	(16,933)
Professional development	(6,089)	(9,877)
Development of design documentation	(3,909)	(705)
Lease of premises	(2,498)	(6,899)
Insurance	(728)	(686)
Other services	(115,023)	(138,994)
Total outsourced services	(1,784,778)	(1,540,584)

Other services in 2022 and 2021 include legal protection of intellectual property, representing the University in patent authorities, organising and conducting events, etc.

26. Other Expenses

	2022	2021
Advertising expenses	(29,318)	(37,788)
Business trip expenses	(27,066)	(15,768)
Organising social functions	(23,822)	(57,991)
Transport and accommodation allowances to students	(5,443)	(3,605)
Membership fees	(3,385)	(4,621)
Other expenses	(19,181)	(4,171)
Total other expenses	(108,215)	(123,944)

27. Taxes and Duties

	2022	2021
Land tax	(77,499)	(79,776)
Property tax	(15,259)	(62,663)
State duties and charges	(4,943)	(4,398)
Transport tax	(187)	(272)
Total taxes and duties	(97,888)	(147,109)

28. Income Tax

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

	2022	2021
Current income tax	(113,060)	(71,666)
Deferred tax	10,815	9,300
Total income tax	(102,245)	(62,366)

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

29. Consolidated Statement of Comparison of Budget and Actual Amounts

Below is the reconciliation between the actual amounts on a comparative basis, as presented in the consolidated statement of comparison of budget and actual amounts, and actual amounts in the consolidated statement of cash flows for 2022. The consolidated financial statements have been prepared for 2022 and include all branches of NUST MISIS and the Endowment Fund. The budget is also prepared for 2022 and includes all of the University's branches, but does not include cash flows from investing activities of the Endowment Fund.

	Operating activities	Investing activities	Financing activities	Effect of changes in exchange rates	Total
Actual amounts on a comparative basis, as presented in the budget and in the consolidated statement of comparison of budget and actual amounts	1,147,535	(719,786)	-	(71,754)	355,995
Differences in the basis of accounting	(13,062)	10,653	2,409	-	-
Actual amount in the consolidated statement of cash flows	1,134,473	(709,133)	2,409	(71,754)	355,995

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

30. Financial Risk Management

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

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

30. Financial Risk Management (Continued)

	Notes	31 December 2022	31 December 2021
Cash and cash equivalents			
Cash in bank settlement accounts	7	3,306,150	2,870,118
Treasury	7	325,883	405,738
Cash on hand	7	448	630
Receivables	8		
Trade receivables		401,825	241,696
Other financial receivables	8	4,978	7,469
Financial support for bids and contracts	10	58,254	12,960
Investments in shares and bonds of Endowment Fund	9		
Debt securities		375,750	478,609
Shares	9	32,302	6,672
Total financial assets		4,505,590	4,023,891
Payables			
Trade payables	13	183,651	208,195
Other payables	13	276	27
Other liabilities	10	58,254	12,960
Total financial liabilities		242,181	221,182

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

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

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

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

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

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

Currency risk. NUST MISIS' assets and liabilities are barely exposed to currency risk. As at 31 December 2022 and 31 December 2021, over 80% of the University's financial assets and 100% of its financial liabilities are denominated in Russian roubles. In respect of currency risk, NUST MISIS sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

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

30. Financial Risk Management (Continued)

The maturity analysis of financial liabilities is as follows:

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

	Notes	Demand and less than 1 month	From 1 to 3 months	Total
31 December 2021				
Liabilities				
Trade payables	13	208,195	-	208,195
Other financial payables	13	27	-	27
Total future payments, including future principal and interest payments		208,222	-	208,222

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	
	2022	2021	2022	2021
Associate	3,070	5,595	-	550
Other related parties	-	-	-	-
Total	3,070	5,595	-	550

Payables to and receivables from related parties	Receivables		Payables	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Associate	1,611	177	-	3,409
Total	1,611	177	-	3,409

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:

	2022	2021
<i>Short-term benefits:</i>		
- Incentive benefits, bonuses and increments	205,385	165,337
- Salaries	153,271	113,174
- Social insurance contributions	75,163	60,966
- Other payments	33,268	27,793
Total	467,087	367,270

32. Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the University may be received. The University is currently at the litigation stage in the Moscow Arbitrazh Court on the case to collect cash compensation for the value of property transferred to PAO Moscow United Energy Company in the amount of RUB 170,090 thousand. The risk of potential unfavourable outcome for the University is assessed as higher than possible, hence a provision was made for this litigation in these consolidated financial statements as at 31 December 2022.

The University has no other significant litigations at 31 December 2022 other than the one disclosed in Note 17.

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

Capital expenditure commitments. At 31 December 2022, the University had contractual commitments to purchase property, plant and equipment for RUB 517,445 thousand (31 December 2021: RUB 346,178 thousand).

33. Events After the End of the Reporting Period

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

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

Leninskiy prospect, 4
Moscow, 119049

+7 (495) 955-00-32
+7 (499) 236-21-05

misis.ru

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